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EIGHTH ANNUAL REPORT
OF
GULF STATES STEEL COMPANY
BIRMINGHAM, ALA.

FOR THE FISCAL YEAR ENDING DECEMBER 31, 1921

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EIGHTH ANNUAL REPORT
OF
GULF STATES STEEL COMPANY
BIRMINGHAM, ALA.

FOR THE FISCAL YEAR ENDING DECEMBER 31, 1921

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GULF STATES STEEL COMPANY

EXECUTIVE AND GENERAL OFFICES: BROWN-MARX BUILDING

BIRMINGHAM, ALA.

NEW YORK OFFICE: 55 CEDAR STREET

NEW YORK CITY

1 NSU g. Business records lib. V. 1. 8-14, 1921-1936

GULF STATES STEEL COMPANY

DIRECTORS

James Bowron.....	Birmingham, Ala.
Lewis L. Clarke.....	New York, N. Y.
Alfred A. Cook.....	New York, N. Y.
Wm. H. Coverdale.....	New York, N. Y.
N. G. Higham.....	New York, N. Y.
E. M. McIlvain.....	New York, N. Y.
C. A. Moffett.....	Birmingham, Ala.
John W. Platten.....	New York, N. Y.
C. I. Stralem.....	New York, N. Y.

OFFICERS

Chairman.....	James Bowron.....	Birmingham, Ala.
President and General Manager.....	C. A. Moffett.....	Birmingham, Ala.
Vice-President.....	H. Sanborn Smith.....	Birmingham, Ala.
Vice-President and Treasurer.....	A. R. Forsyth.....	Birmingham, Ala.
Secretary and Auditor.....	W. H. Moore.....	Birmingham, Ala.
Assistant Treasurer.....	C. V. Orr.....	Birmingham, Ala.
Asst. Secretary and Asst. Treasurer.....	Calvert Brewer.....	New York, N. Y.
Assistant General Manager.....	L. E. Geohegan.....	Birmingham, Ala.
General Sales Agent.....	C. E. Paddock.....	Birmingham, Ala.
Purchasing Agent.....	B. F. Tyler.....	Birmingham, Ala.
Chief Engineer.....	C. E. Bowron.....	Birmingham, Ala.
Traffic Manager.....	H. H. Knight.....	Birmingham, Ala.
Manager Steel Works.....	F. R. Thompson.....	Gadsden, Ala.

EXECUTIVE COMMITTEE

John W. Platten, Chairman

James Bowron
Alfred A. Cook

Wm. H. Coverdale
Edward M. McIlvain

C. A. Moffett

CONSULTING ENGINEER

Wm. H. Coverdale.....	New York, N. Y.
-----------------------	-----------------

COUNSEL

Larkin, Rathbone & Perry.....	New York, N. Y.
Percy, Benners & Burr.....	Birmingham, Ala.
O. R. Hood.....	Gadsden, Ala.

TRANSFER AGENT

Guaranty Trust Company of New York.....	New York, N. Y.
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REGISTRAR

United States Mortgage and Trust Company.....	New York, N. Y.
---	-----------------

E I G H T H A N N U A L R E P O R T

To the Stockholders of the

GULF STATES STEEL COMPANY

The Board of Directors herewith submits its Eighth Annual Report of operations for the Fiscal Year ending December 31, 1921, together with a Financial Statement and General Report on the condition of the property at the close of the year.

INCOME REPORT

The Net Operating Deficit for the year 1921 (including \$214,982.96 to cover shrinkage in inventories) amounted to \$178,546.94, a decrease of \$1,396,011.07 compared with the year 1920. After making provision for Depreciation and Taxes and all anticipated losses, the Net Loss carried to Surplus amounted to \$591,915.79.

COMPARATIVE STATEMENT OF EARNINGS AND DISPOSITION OF INCOME

	1917	1918	1919	1920	1921
Gross Profits	\$4,199,925.22	\$1,725,849.81	\$645,061.79	\$1,153,089.28	*\$242,921.79
Deductions for Depreciation, Taxes and Other Reserves.....	1,328,446.43	534,187.61	365,639.99	401,869.50	348,994.00
Net Profits car- ried to Surplus ..	\$2,871,478.79	\$1,191,662.20	\$279,421.80	\$ 751,219.78	*\$591,915.79

*Deficit

G U L F S T A T E S S T E E L C O M P A N Y

STATEMENT OF SURPLUS
For the Year ending December 31, 1921

Balance December 31, 1920.....\$2,852,553.01

Less Dividends Paid:

1st Pfd. Stk. April 1, 1921.....	\$35,000.00	
1st Pfd. Stk. July 1, 1921.....	35,000.00	
1st Pfd. Stk. Oct. 1, 1921.....	35,000.00	
*1st Pfd. Stk. Jan. 3, 1922.....	35,000.00	140,000.00

.....
\$ 2,712,553.01

Net Loss Year 1921..... 591,915.79

Balance December 31, 1921.....\$ 2,120,637.22

.....
*This amount remitted December 26th, 1921, to the Guaranty Trust Company of New York, Transfer Agent, for distribution.

E I G H T H A N N U A L R E P O R T

BALANCE SHEET

December 31, 1921

ASSETS

FIXED ASSETS:

Works and Properties as at December 31, 1920.....	\$16,050,067.50	
Additions during 1921—Net.....	754,311.06	\$16,804,378.56

CURRENT ASSETS:

Cash in Banks and on Hand—Domestic.....	\$365,860.21	
Foreign Currencies at market rates.....	101,154.39	467,014.60
Liberty Bonds, at par.....		45,000.00
Accounts Receivable.....	597,036.58	
DEDUCT—Reserve for bad and Doubtful and for Allowances.....	42,335.57	554,701.01
Notes Receivable.....		267,391.19
Inventories:		
Saleable.....	854,704.04	
Convertible.....	610,383.44	
Consumable.....	483,168.24	1,948,255.72
		3,282,362.52
PREPAID INSURANCE, TAXES AND INTEREST.....		23,165.64

\$20,109,906.72

G U L F S T A T E S S T E E L C O M P A N Y

BALANCE SHEET

December 31, 1921

LIABILITIES

CAPITAL STOCK:

First Preferred.....	\$ 3,000,000.00		
LESS—In Treasury.....	1,000,000.00	\$ 2,000,000.00	
Second Preferred.....	1,070,100.00		
LESS—In Treasury.....	1,000,000.00	70,100.00	
Common.....	11,429,900.00		
LESS—In Treasury.....	277,750.00	11,152,150.00	\$13,222,250.00

BONDS:

6% Self-Fluxing Ore & Iron Company due 1943, in hands of Public.....	176,000.00
--	------------

CURRENT LIABILITIES:

Notes Payable—Banks.....	750,000.00	
Notes Payable—Trade.....	30,000.00	
Accounts Payable.....	135,501.81	
Pay Rolls and Accrued Wages.....	41,555.40	
Accrued Taxes.....	53,954.05	
Dividend on First Preferred Stock, Payable Jan. 2, 1922..	35,000.00	1,046,011.26

RESERVES:

Depreciation and Extinguishment.....	1,718,129.64	
Replacements and Sundries.....	147,164.09	
Special Reserve against Property.....	1,644,767.48	
Federal Taxes.....	34,947.03	3,545,008.24

SURPLUS:

Balance, December 31, 1920.....	\$ 2,852,553.01	
DEDUCT—Dividends.....	140,000.00	2,712,553.01
*Loss for year 1921.....	591,915.79	2,120,637.22
		\$20,109,906.72

*The final adjustment of 1921 income account gives effect to the fall in prices of finished products which occurred during the last week of that year, to temporary losses on foreign exchange and to reduction in value of consigned goods to cost.

E I G H T H A N N U A L R E P O R T

New York, February 23, 1922.

The foregoing Balance Sheet of the Gulf States Steel Company has been prepared from the books and records of the Company as at December 31, 1921.

Regarding the Current Assets, the Inventories have been valued at cost or market whichever is lower, and the Accounts and Notes Receivable are shown after charging off all known bad debts and after making adequate provision for all doubtful accounts.

Subject to a complete and full appraisal of the Fixed Properties of the Company and to the adequacy of the Reserve for Federal Taxes, we are of the opinion that the foregoing Balance Sheet presents a true statement of the affairs of the Gulf States Steel Company as at December 31, 1921.

BARROW, WADE, GUTHRIE & COMPANY,
Accountants and Auditors.

G U L F S T A T E S S T E E L C O M P A N Y

INVENTORIES

Classification	1917	1918	1919	1920	1921
Salable.....	\$ 626,017.24	\$ 513,422.21	\$ 819,922.51	\$1,220,390.43	\$ 854,704.04
Convertible	1,121,535.55	1,006,698.52	911,314.01	827,695.43	610,383.44
Consumable.....	540,977.54	777,925.24	512,997.03	499,723.83	483,168.24
Total.....	\$2,288,530.33	\$2,298,045.97	\$2,244,233.55	\$2,547,809.69	\$1,948,255.72

AVERAGE NUMBER OF MEN EMPLOYED

	1917	1918	1919	1920	1921
Quarries.....	21	36	42	34	
Ore Mines.....	132	80	58	67	73
Coal Mines and Coke Ovens.....	592	463	497	529	684
Blast Furnaces.....	154	152	158	112	114
Steel and Wire Works.....	1779	1644	1218	1524	885
Total.....	2678	2375	1973	2266	1756

TOTAL EXPENDED FOR LABOR

1917.....	\$ 3,013,802.15
1918.....	3,510,524.60
1919.....	3,244,309.60
1920.....	4,202,826.05
1921.....	2,129,555.17

AVERAGE EARNINGS PER MAN

1917.....	\$ 1,125.39
1918.....	1,478.12
1919.....	1,644.35
1920.....	1,854.73
1921.....	1,212.73

GROSS SALES

1917.....	\$11,763,476.00
1918.....	11,206,468.00
1919.....	8,405,788.00
1920.....	11,439,627.00
1921.....	4,820,639.00

E I G H T H A N N U A L R E P O R T

OUTPUT

The following figures show the comparative production of the different departments:

	1917 Tons	1918 Tons	1919 Tons	1920 Tons	1921 Tons
COAL:					
Virginia.....	275,945	146,504	117,689	140,859	117,571
Altoona.....	101,835	80,364	65,870	46,706	70,566
Sayre.....		80,804	112,931	110,298	105,034
Total Net Tons.....	377,780	307,672	296,490	297,863	293,171
COKE:					
Virginia.....	54,957				
Sayre.....		4,800	4,529		
Alabama City.....	127,542	163,261	129,561	167,938	95,745
Total Net Tons.....	182,499	168,061	134,090	167,938	95,745
LIMESTONE:					
Spencer Quarry, Gross Tons.....	20,573	14,543	24,908	20,115	878
ORE:					
Shannon, Gross Tons.....				5,611	19,155
PIG IRON:					
Alabama City.....	99,438	68,085	59,149	70,363	32,213
Attalla.....	6,743	4,256			
Total, Gross Tons.....	106,181	72,341	59,149	70,363	32,213
STEEL:					
Ingots.....Gross Tons	209,312	167,930	135,371	156,277	74,847
Billets and Slabs.....Gross Tons	180,400	143,068	120,276	134,220	64,699
Wire Rods.....Gross Tons	78,287	67,538	68,185	71,399	51,844
Bars, Plain.....Net Tons	26,525	24,363	17,091	31,091	8,075
Bars, Twisted.....Net Tons	629	313	954	544	569
Tie Plates.....Net Tons	3,743	1,562			
Wire, Bright and Annealed.....Net Tons	84,024	68,759	73,328	75,863	55,769
Wire, Galvanized.....Net Tons	36,977	24,472	39,681	37,959	14,577
WIRE PRODUCTS:					
Wire, barbed (unpainted).....		5,619			127
Wire, barbed (painted).....	5,049	2,045			129
Wire, barbed (galvanized).....	21,999	10,216	21,068	20,579	7,811
Fence, woven wire.....	10,160	11,504	14,067	14,024	5,105
Nails.....	35,847	30,042	29,147	31,681	36,491
Nails, galvanized.....	123	293	394	231	725
Nails, blued.....					381
Nails, Cement Coated.....					701
Staples.....	2,117	1,796	2,560	2,191	1,492
Bale Ties.....	586	568	426	687	1,019
Total, Net Tons.....	75,881	62,083	67,662	69,393	53,981
Grand Total Gross and Net Tons.....	1,382,811	1,122,705	1,037,185	1,138,636	765,523

G U L F S T A T E S S T E E L C O M P A N Y

The business depression which commenced the latter part of 1920 continued during the entire year 1921, necessitating strict retrenchment and liquidation in order to meet the deflation movement and the resulting strong competition, and to this end expenses in all directions were reduced to a minimum. This policy, with the improvements which had been made on the properties to reduce costs, has shown results even better than was anticipated, as will be evidenced by the fact that while the sale of finished products was 37 per cent. below and semi-finished products 92 per cent. below that of the previous year, the cost was reduced 30 per cent. by the end of 1921, while the sales price was reduced but 21 per cent. In order to prevent increase in inventories, the mines and several departments of the Steel Plant have been operated only sufficiently to fill orders for products not in stock, the amount of finished material on hand being thereby reduced so that at the present time plant operations are taking care of orders as they are received.

It being evident that practically no foreign business could be anticipated during the year, an active campaign was inaugurated to extend our business in this country, with gratifying results despite the unfavorable financial situation existing throughout the farming territories; a very satisfactory volume of business being secured from the Pacific States and increased tonnage from Texas. While foreign orders have fallen off materially during the year, shipments have been made to Mexico, Cuba, Hawaii, China, Japan, Ecuador, Jamaica and Panama; and it is confidently expected that when conditions abroad improve, the Company will again receive its share of such business.

CAPITAL EXPENDITURES

During the year no new capital expenditures were inaugurated, and only such items as were already under construction were completed, amounting in all to \$754,311.06, and including the following:

Alabama City Steel Plant

Installation of the following:

Two 2,000 K. W. low pressure turbo generators and equipment.

Two Republic steam flow meters.

One 1,500 G. P. M. capacity motor-driven centrifugal pump for rod mill water supply.

One 36 block galvanizing frame with motor.

One rod straightening machine.

One nail bluing machine.

One cement coated nail machine.

One 6-inch pipe threading machine.

One file sharpening and reclaiming machine.

One ox-weld cutting outfit.

Laid 2,782 sq. yds. wood block floor.

Built brick oil house for wire mill grease and

One new railroad car.

Completed concrete floors and steel bins in supply house, also

Boarding House.

Sayre Coal Mine

Installation of 360 K. W. compound condensing engine and electric wiring from power house to various points, also

Refrigerating plant at commissary.

E I G H T H A N N U A L R E P O R T

Shannon Ore Mine

Completion of concrete slope lining and air shaft wall, also
Railroad facilities.
Construction and equipment of loading hopper.
Installation of 10-inch air line from power house to bottom of slope.
Erecting and housing of electric-driven air fan, also
Electric crane and runway at mouth of slope.

All construction and development work at this mine, including outside and inside hoisting equipment, has been completed. Headings have also been driven in the ore so that the mine is now capable of producing 500 tons of ore per day which can be rapidly increased to a much larger tonnage. All expectations as to the quality of the ore have been realized.

At Alabama City Steel Plant, the installation of the two 2,000 K. W. low pressure turbo generators together with all necessary equipment, as referred to in last year's report, has been completed and they are now in operation, resulting in a material saving in the cost of electric power.

In addition to the completion of the capital expenditures above mentioned, the mines and plants have been maintained in first-class operating condition, the expense of which has been charged to operating cost.

The Directors acknowledge the loyal and efficient service during the year of the various officers and employees.

By order of the Board of Directors.

C. A. MOFFETT,
President.

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NINTH ANNUAL REPORT
OF
GULF STATES STEEL COMPANY
BIRMINGHAM, ALA.

FOR THE FISCAL YEAR ENDING DECEMBER 31, 1922

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GULF STATES STEEL COMPANY

EXECUTIVE AND GENERAL OFFICES: BROWN-MARX BUILDING

BIRMINGHAM, ALA.

NEW YORK OFFICE: 55 CEDAR STREET

NEW YORK CITY

338.7
6.45
1922

GULF STATES STEEL COMPANY

DIRECTORS

James Bowron.....	Birmingham, Ala.
Lewis L. Clarke.....	New York, N. Y.
Alfred A. Cook.....	New York, N. Y.
Wm. H. Coverdale.....	New York, N. Y.
N. G. Higham.....	New York, N. Y.
E. M. McIlvain.....	New York, N. Y.
C. A. Moffett.....	Birmingham, Ala.
John W. Platten.....	New York, N. Y.
C. I. Stralem.....	New York, N. Y.

OFFICERS

Chairman of the Board.....	James Bowron.....	Birmingham, Ala.
President and General Manager.....	C. A. Moffett.....	Birmingham, Ala.
First Vice-President.....	H. Sanborn Smith.....	Birmingham, Ala.
Vice-President and Treasurer.....	A. R. Forsyth.....	Birmingham, Ala.
Secretary and Auditor.....	W. H. Moore.....	Birmingham, Ala.
Assistant Treasurer.....	C. V. Orr.....	Birmingham, Ala.
Asst. Secretary and Asst. Treasurer.....	Calvert Brewer.....	New York, N. Y.
Assistant General Manager.....	L. E. Geohegan.....	Birmingham, Ala.
General Sales Agent.....	C. E. Paddock.....	Birmingham, Ala.
Purchasing Agent.....	B. F. Tyler.....	Birmingham, Ala.
Chief Engineer.....	C. E. Bowron.....	Birmingham, Ala.
Traffic Manager.....	H. H. Knight.....	Birmingham, Ala.
Manager Steel Works.....	F. R. Thompson.....	Gadsden, Ala.

EXECUTIVE COMMITTEE

John W. Platten, Chairman

James Bowron
Alfred A. Cook

Wm. H. Coverdale
Edward M. McIlvain

C. A. Moffett

CONSULTING ENGINEER

Wm. H. Coverdale.....	New York, N. Y.
-----------------------	-----------------

COUNSEL

Larkin, Rathbone & Perry.....	New York, N. Y.
Percy, Benness & Burr.....	Birmingham, Ala.
O. R. Hood.....	Gadsden, Ala.

TRANSFER AGENT

Guaranty Trust Company of New York.....	New York, N. Y.
---	-----------------

REGISTRAR

United States Mortgage and Trust Company.....	New York, N. Y.
---	-----------------

N I N T H A N N U A L R E P O R T

To the Stockholders of the

GULF STATES STEEL COMPANY

The Board of Directors herewith submits its Ninth Annual Report of operations for the Fiscal Year ending December 31, 1922, together with a Financial Statement and General Report on the condition of the property at the close of the year.

INCOME REPORT

The Net Operating Income for the year 1922 amounted to \$1,406,083.35, compared with a deficit of \$242,921.79 for the year 1921. After making provision for Depreciation and Taxes and all anticipated losses, the Net Profit carried to Surplus amounted to \$958,207.70.

COMPARATIVE STATEMENT OF EARNINGS AND DISPOSITION OF INCOME

	1918	1919	1920	1921	1922
Gross Profits.....	\$1,725,849.81	\$645,061.79	\$1,153,089.28	*\$242,921.79	\$1,406,083.35
Deductions for Depreciation, Taxes and Other Reserves.....	534,187.61	365,639.99	401,869.50	348,994.00	447,875.65
Net Profits carried to Surplus.....	\$1,191,662.20	\$279,421.80	\$ 751,219.78	*\$591,915.79	\$ 958,207.70

*Deficit

G U L F S T A T E S S T E E L C O M P A N Y

STATEMENT OF SURPLUS

For the Year ending December 31, 1922

Balance December 31, 1921.....		\$ 2,120,637.22
Less Dividends Paid:		
1st Pfd. Stk. April 2, 1922.....	\$35,000.00	
1st Pfd. Stk. July 1, 1922.....	35,000.00	
1st Pfd. Stk. Oct. 1, 1922.....	35,000.00	
*1st Pfd. Stk. Jan. 2, 1923.....	35,000.00	140,000.00
		\$1,980,637.22
Net Income Year 1922.....		958,207.70
Dividends on Fractional shares returned to Treasury		1,895.91
Balance December 31, 1922.....		\$2,940,740.83

*This amount remitted December 26th, 1922, to the Guaranty Trust Company of New York, Transfer Agent, for distribution.

N I N T H A N N U A L R E P O R T

BALANCE SHEET

December 31, 1922

ASSETS

FIXED ASSETS:

Works and Properties as at December 31, 1921.....	\$16,804,378.56	
Additions during 1922—Net.....	232,788.02	\$17,037,166.58

CURRENT ASSETS:

Cash in Banks and on Hand—Domestic..	\$ 790,100.66	
Foreign Currencies at market rates.....	124,062.47	\$ 914,163.13

Accounts Receivable.....	833,160.52	
Notes Receivable.....	444,556.57	

1,277,717.09

DEDUCT—Reserve for Doubtful

Accounts and Notes.....	27,003.13	1,250,713.96
-------------------------	-----------	--------------

Inventories:

Saleable.....	801,249.31	
Convertible.....	594,420.45	
Consumable.....	360,027.84	1,755,697.60
		3,920,574.69

PREPAID INSURANCE AND TAXES.....		16,169.30
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\$20,973,910.57

G U L F S T A T E S S T E E L C O M P A N Y

BALANCE SHEET

December 31, 1922

LIABILITIES

CAPITAL STOCK:

First Preferred.....	\$ 3,000,000.00		
LESS—In Treasury.....	1,000,000.00	\$ 2,000,000.00	
Second Preferred.....	1,060,000.00		
LESS—In Treasury.....	1,000,000.00	60,000.00	
Common.....	11,440,000.00		
LESS—In Treasury.....	228,000.00	11,212,000.00	\$13,272,000.00

BONDS:

6% Self-Fluxing Ore and Iron Company due in 1943, in hands of Public.....	149,000.00
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CURRENT LIABILITIES:

Accounts Payable.....	393,706.71	
Pay Rolls and Accrued Wages.....	93,916.45	
Accrued Taxes.....	21,802.25	
Dividend on First Preferred Stock, payable Jan. 2, 1923	35,000.00	544,425.41

RESERVES:

Depreciation and Extinguishment.....	2,039,172.21	
Replacements and Sundries.....	309,554.91	
Special Reserve against Property.....	1,594,417.20	
Federal Taxes.....	124,600.01	4,067,744.33

SURPLUS:

Balance, December 31, 1921.....	2,120,637.22	
LESS: Dividends Declared.....	140,000.00	
	1,980,637.22	
ADD: Profits for the year 1922.....	958,207.70	
Unclaimed Dividends.....	1,895.91	2,940,740.83
		\$20,973,910.57

N I N T H A N N U A L R E P O R T

New York, January 30, 1923.

The foregoing Balance Sheet of the Gulf States Steel Company has been prepared from the books and records of the Company as at December 31, 1922.

Regarding the Current Assets, the Inventories have been valued at cost or market whichever is lower, and the Accounts and Notes Receivable are shown after charging off all known Bad Debts and after making adequate provision for all doubtful accounts.

Subject to a complete and full appraisal of the Fixed Properties of the Company and to the adequacy of the Reserve for Federal Taxes, we are of the opinion that the foregoing Balance Sheet presents a true statement of the affairs of the Gulf States Steel Company as at December 31, 1922.

BARROW, WADE, GUTHRIE & COMPANY,

Accountants and Auditors.

G U L F S T A T E S S T E E L C O M P A N Y

INVENTORIES

Classification	1918	1919	1920	1921	1922
Salable.....\$	513,422.21	\$ 819,922.51	\$1,220,390.43	\$ 854,704.04	\$ 801,249.31
Convertible.....	1,006,698.52	911,314.01	827,695.43	610,383.44	594,420.45
Consumable.....	777,925.24	512,997.03	499,723.83	483,168.24	369,927.84
Total.....	\$2,298,045.97	\$2,244,233.55	\$2,547,809.69	\$1,948,255.72	\$1,765,597.60

AVERAGE NUMBER OF MEN EMPLOYED

	1918	1919	1920	1921	1922
Quarries.....	36	42	34		
Ore Mines.....	80	58	67	73	113
Coal Mines and Coke Ovens.....	463	497	529	684	608
Blast Furnaces.....	152	158	112	114	115
Steel and Wire Works.....	1644	1218	1524	885	1308
Total.....	2375	1973	2266	1756	2144

TOTAL EXPENDED FOR LABOR

1918.....	\$ 3,510,524.60
1919.....	3,244,309.60
1920.....	4,202,826.05
1921.....	2,129,555.17
1922.....	2,523,616.97

AVERAGE EARNINGS PER MAN

1918.....	\$ 1,478.12
1919.....	1,644.35
1920.....	1,854.73
1921.....	1,212.73
1922.....	1,177.06

GROSS SALES

1918.....	\$11,206,468.00
1919.....	8,405,788.00
1920.....	11,439,627.00
1921.....	4,820,639.00
1922.....	7,801,135.00

N I N T H A N N U A L R E P O R T

OUTPUT

The following figures show the comparative production of the different departments:

	1918	1919	1920	1921	1922
	Tons	Tons	Tons	Tons	Tons
COAL:					
Virginia.....	146,504	117,689	140,859	117,571	135,877
Altoona.....	80,364	65,870	46,706	70,566	96,384
Sayre.....	80,804	112,931	110,298	105,034	129,185
Total, Net Tons.....	307,672	296,490	297,863	293,171	361,446
COKE:					
Sayre.....	4,800	4,529			
Alabama City.....	163,261	129,561	167,938	95,745	124,458
Total, Net Tons.....	168,061	134,090	167,938	95,745	124,458
LIMESTONE:					
Spencer Quarry, Gross Tons.....	14,543	24,908	20,115	878	
ORE:					
Shannon, Gross Tons.....			5,611	19,155	124,916
PIG IRON:					
Alabama City.....	68,085	59,149	70,363	32,213	86,481
Attalla.....	4,256				
Total, Gross Tons.....	72,341	59,149	70,363	32,213	86,481
STEEL:					
Ingots.....Gross Tons	167,930	135,371	156,277	74,847	149,697
Billets and Slabs.....Gross Tons	143,068	120,276	134,220	64,699	132,031
Wire Rods.....Gross Tons	67,538	68,185	71,399	51,844	87,990
Bars, Plain.....Net Tons	24,363	17,091	31,091	8,075	25,810
Bars, Twisted.....Net Tons	313	954	544	569	1,265
Tie Plates.....Net Tons	1,562				
Wire, Bright and Annealed Net Tons	68,759	73,328	75,863	55,769	99,123
Wire, Galvanized.....Net Tons	24,472	39,681	37,959	14,577	38,641
WIRE PRODUCTS:					
Wire, barbed (unpainted).....	5,619			127	231
Wire, barbed (painted).....	2,045			129	231
Wire, barbed (galvanized).....	10,216	21,068	20,579	7,811	18,060
Fence, woven wire.....	11,504	14,067	14,024	5,105	12,534
Nails.....	30,042	29,147	31,681	36,491	51,497
Nails, galvanized.....	293	394	231	725	1,222
Nails, blued.....				381	383
Nail, Cement Coated.....				701	1,557
Staples.....	1,796	2,560	2,191	1,492	3,281
Bale Ties.....	568	426	687	1,019	1,114
Total, Net Tons.....	62,083	67,662	69,393	53,981	90,110
Grand Total Gross and Net Tons.....	1,122,705	1,037,185	1,138,636	765,523	1,321,968

G U L F S T A T E S S T E E L C O M P A N Y

The volume of the Company's business increased gradually after the first quarter of 1922. Those departments which had been idle during the business depression of the previous year were reopened; and although the property was not operated to capacity until the last quarter of the current year, the output increased nearly 100 per cent over 1921.

The expansion of the sales territory during the year resulted in a distribution of 88½ per cent of the total tonnage in 26 states, and 11½ per cent in 21 foreign countries. This expansion is expected to stabilize production and offset the effect of any local business depression.

The increased production, improvement in labor conditions, additions to plants and the use of ore from the Shannon Mine have been reflected very favorably in the Balance Sheet and Income Account.

The Balance Sheet as of December 31, 1922, compared with that of the year previous shows an increase in Fixed Assets of \$232,788, and an increase in Net Current Assets of \$1,174,798.

The Net Income for the year after depreciation, taxes and reserves was \$958,208.

CAPITAL EXPENDITURES

Capital expenditures during the year amounted to \$232,788. The principal improvements to each of the properties were:

Alabama City Steel Plant

- 1 Warehouse, brick and steel, 60x500 ft.
- 1 Twenty block wire drawing frame.
- 5 Nail rumpers.
- 32 Nail machines, including foundations, shafting and belting.
- 1 Gas washer at blast furnace.
- 2 Electric tractors.
- Extension of sewer for wire mill.

Sayre Coal Mine

- Coal crusher
- Coal washer jig.

Virginia Coal Mine

- Mine pump discharge line.
- 1 Thirty-two inch Aurora drill.

Altoona Coal Mine

- 1 Locomotive, 10" x16" .

Shannon Ore Mine

- 60 Four and five room houses for employees.
- 1 Boarding house.
- 2 Churches.
- 10 Mine Cars.
- 1 Man car.
- 10 Waugh air drills.
- 1 Air compressor, cross compound, 1470 cu. ft.
- Plant water supply, including pump and pipe line.
- Water works for white employes' camp.
- Extension to surface mine tracks.
- Trestle and coal handling apparatus completed.

N I N T H A N N U A L R E P O R T

The Shannon Mine was developed rapidly during 1922; and its output of 125,000 tons was smelted at the Company's blast furnace with satisfactory results.

This year marked the completion of the improvement program begun several years ago; which program included the acquisition and development of additional coal and self-fluxing ore properties, the construction of a by-product coke plant, and the enlargement of finishing facilities to balance the output of raw and semi-finished products, with the result that the Company now has a well and economically balanced steel plant. Additional capital expenditures will be necessary only for such facilities as may be required to meet future demands of the trade, or to further reduce costs.

The property has been maintained at the Company's usual high standard, and the cost charged to operating expense.

The Directors acknowledge the loyal and efficient service of the various officers and employees.

By order of the Board of Directors.

C. A. MOFFETT,
President.

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TENTH ANNUAL REPORT
OF
GULF STATES STEEL COMPANY
BIRMINGHAM, ALA.

FOR THE FISCAL YEAR ENDING DECEMBER 31, 1923

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GULF STATES STEEL COMPANY

EXECUTIVE AND GENERAL OFFICES: BROWN-MARX BUILDING

BIRMINGHAM, ALA.

NEW YORK OFFICE: 55 CEDAR STREET

NEW YORK CITY

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1923

GULF STATES STEEL COMPANY

DIRECTORS

James Bowron.....	Birmingham, Ala.
Lewis L. Clarke.....	New York, N. Y.
Alfred A. Cook.....	New York N. Y.
Wm. H. Coverdale.....	New York, N. Y.
N. G. Higham.....	New York, N. Y.
E. M. McIlvain.....	New York, N. Y.
C. A. Moffett.....	Birmingham, Ala.
John W. Platten.....	New York, N. Y.
C. I. Stralem.....	New York, N. Y.

OFFICERS

Chairman of the Board.....	James Bowron.....	Birmingham, Ala.
President and General Manager.....	C. A. Moffett.....	Birmingham, Ala.
First Vice-President.....	H. Sanborn Smith.....	Birmingham, Ala.
Vice-President and Treasurer.....	A. R. Forsyth.....	Birmingham, Ala.
Secretary and Auditor.....	W. H. Moore.....	Birmingham, Ala.
Assistant Treasurer.....	C. V. Orr.....	Birmingham, Ala.
Asst. Secretary and Asst. Treasurer.....	Calvert Brewer.....	New York, N. Y.
Assistant General Manager.....	L. E. Geohegan.....	Birmingham, Ala.
General Sales Agent.....	C. E. Paddock.....	Birmingham, Ala.
Purchasing Agent.....	B. F. Tyler.....	Birmingham, Ala.
Chief Engineer.....	C. E. Bowron.....	Birmingham, Ala.
Traffic Manager.....	H. H. Knight.....	Birmingham, Ala.
Manager Steel Works.....	F. R. Thompson.....	Gadsden, Ala.

EXECUTIVE COMMITTEE

John W. Platten, Chairman

James Bowron
Alfred A. Cook

Wm. H. Coverdale
Edward M. McIlvain

C. A. Moffett

CONSULTING ENGINEER

Wm. H. Coverdale.....	New York, N. Y.
-----------------------	-----------------

COUNSEL

Larkin, Rathbone & Perry.....	New York, N. Y.
Percy, Benners & Burr.....	Birmingham, Ala.
O. R. Hood.....	Gadsden, Ala.

TRANSFER AGENT

Guaranty Trust Company of New York.....	New York, N. Y.
---	-----------------

REGISTRAR

United States Mortgage and Trust Company.....	New York, N. Y.
---	-----------------

T E N T H A N N U A L R E P O R T

To the Stockholders of the **GULF STATES STEEL COMPANY**

The Board of Directors herewith submits its Tenth Annual Report of operations for the Fiscal Year ending December 31, 1923, together with a Financial Statement and General Report on the condition of the property at the close of the year.

INCOME REPORT

The Net Operating Income for the year 1923 amounted to \$2,169,863.41, an increase of \$763,780.06 compared with the year 1922. After making provision for Depreciation and Taxes and all anticipated losses, the Net Profit carried to Surplus amounted to \$1,576,521.24.

COMPARATIVE STATEMENT OF EARNINGS AND DISPOSITION OF INCOME

	1919	1920	1921	1922	1923
Gross Profits.....	\$645,061.79	\$1,153,089.28	*\$ 242,921.79	\$1,406,083.35	\$2,169,863.41
Deductions for Depreciation, Taxes and Other Reserves.....	365,639.99	401,869.50	348,994.00	447,875.65	593,342.17
Net Profits carried to Surplus.....	\$279,421.80	\$ 751,219.78	*\$ 591,915.79	\$ 958,207.70	\$1,576,521.24

*Deficit

G U L F S T A T E S S T E E L C O M P A N Y

STATEMENT OF SURPLUS

For the Year ending December 31, 1923.

Balance December 31, 1922.....				\$ 2,940,740.83
Less Dividends Paid:				
1st Preferred Stock, April 2, 1923.....	\$	35,000.00		
1st Preferred Stock, July 2, 1923.....		35,000.00		
1st Preferred Stock, October 1, 1923.....		35,000.00		
*1st Preferred Stock, January 2, 1924.....		35,000.00	\$	140,000.00
2nd Preferred Stock, April 2, 1923.....		885.00		
2nd Preferred Stock, July 2, 1923.....		838.50		
2nd Preferred Stock, October 1, 1923.....		421.50		
*2nd Preferred Stock, January 2, 1924.....		49.50		2,194.50
Common Stock, April 2, 1923.....		112,130.00		
Common Stock, July 2, 1923.....		112,130.00		
Common Stock, October 1, 1923.....		112,130.00		
*Common Stock, January 2, 1924.....		112,130.00	448,520.00	590,714.50
				\$ 2,350,026.33
Net Income Year, 1923.....				1,576,521.24
Balance December 31, 1923.....				\$ 3,926,547.57

*These amounts remitted December 26, 1923, to the Guaranty Trust Company of New York, Transfer Agent, for distribution.

T E N T H A N N U A L R E P O R T

BALANCE SHEET

December 31, 1923

ASSETS

FIXED ASSETS:

Works and Properties as at December 31, 1922.....	\$17,037,166.58	
Additions during 1923—Net.....	309,776.66	\$17,346,943.24

CURRENT ASSETS:

Cash.....	814,567.93	
U. S. Treasury Notes and Certificates of Indebtedness.....	171,000.00	
Accounts Receivable.....	853,153.12	
Notes Receivable.....	357,260.42	

Inventories:

Salable.....	\$1,193,964.46		
Convertible.....	853,293.06		
Consumable.....	424,089.75	2,471,347.27	4,667,328.74

PREPAID INSURANCE AND TAXES.....	41,871.68
----------------------------------	-----------

\$22,056,143.66

G U L F S T A T E S S T E E L C O M P A N Y

BALANCE SHEET

December 31, 1923

LIABILITIES

CAPITAL STOCK:

First Preferred—7 % Cumulative.....	\$ 3,000,000.00		
LESS—In Treasury.....	1,000,000.00	\$ 2,000,000.00	
Second Preferred—6 % Non-Cumulative..	1,003,300.00		
LESS—In Treasury.....	1,000,000.00	3,300.00	
Common.....	11,496,700.00		
LESS—In Treasury.....	283,700.00	11,213,000.00	\$13,216,300.00

CURRENT LIABILITIES:

Accounts Payable.....	272,816.71		
Pay Rolls and Accrued Wages.....	105,299.40		
Accrued Taxes.....	29,324.67		
Dividends Payable—January 2, 1924.....	147,179.50	554,620.28	

RESERVES:

Depreciation and Extinguishment.....	2,261,090.69		
Special Reserve against Property.....	1,594,417.20		
Replacements and Sundries.....	184,972.35		
Contingencies.....	101,669.35		
Federal Taxes—1923.....	216,526.22	4,358,675.81	

SURPLUS:

Balance, December 31, 1922.....	2,940,740.83		
LESS: Dividends.....	590,714.50	2,350,026.33	
Profit for year 1923.....	1,576,521.24	3,926,547.57	
		\$22,056,143.66	

T E N T H A N N U A L R E P O R T

New York, January 26, 1924.

The foregoing Balance Sheet of the Gulf States Steel Company has been prepared from the books and records of the Company as at December 31, 1923.

Regarding the Current Assets, the Inventories have been valued at cost, in all cases below the market, and the Accounts and Notes Receivable are shown after charging off all known Bad Debts and after making adequate provision for all doubtful accounts.

Subject to a complete and full appraisal of the Fixed Properties of the Company and to the adequacy of the Reserve for Federal Taxes, we are of the opinion that the foregoing Balance Sheet presents a true statement of the affairs of the Gulf States Steel Company as at December 31, 1923.

BARROW, WADE, GUTHRIE & COMPANY,

Accountants and Auditors.

G U L F S T A T E S S T E E L C O M P A N Y

INVENTORIES

Classification	1919	1920	1921	1922	1923
Salable.....	\$ 819,922.51	\$1,220,390.43	\$ 854,704.04	\$ 801,249.31	\$1,193,964.46
Convertible.....	911,314.01	827,695.43	610,383.44	594,420.45	853,293.06
Consumable.....	512,997.03	499,723.83	483,168.24	360,027.84	424,089.75
Total.....	\$2,244,233.55	\$2,547,809.69	\$1,948,255.72	\$1,755,697.60	\$2,471,347.27

AVERAGE NUMBER OF MEN EMPLOYED

	1919	1920	1921	1922	1923
Quarries.....	42	34			
Ore Mines.....	58	67	73	113	175
Coal Mines and Coke Ovens.....	497	529	684	608	771
Blast Furnaces.....	158	112	114	115	90
Steel and Wire Works.....	1218	1524	885	1308	1776
Total.....	1973	2266	1756	2144	2812

TOTAL EXPENDED FOR LABOR

AVERAGE EARNINGS PER MAN

1919.....	\$ 3,244,309.60	1919.....	\$ 1,644.35
1920.....	4,202,826.05	1920.....	1,854.73
1921.....	2,129,555.17	1921.....	1,212.73
1922.....	2,523,616.97	1922.....	1,177.06
1923.....	4,037,617.45	1923.....	1,435.85

GROSS SALES

1919.....	\$ 8,405,788.00
1920.....	11,439,627.00
1921.....	4,820,639.00
1922.....	7,801,135.00
1923.....	10,943,424.00

T E N T H A N N U A L R E P O R T

OUTPUT

The following figures show the comparative production of the different departments:

	1919	1920	1921	1922	1923
	Tons	Tons	Tons	Tons	Tons
COAL:					
Virginia.....	117,689	140,859	117,571	135,877	170,096
Altoona.....	65,870	46,706	70,566	96,384	130,923
Sayre.....	112,931	110,298	105,034	129,185	235,323
Total, Net Tons.....	296,490	297,863	293,171	361,446	536,342
COKE:					
Sayre.....	4,529				
Alabama City.....	129,561	167,938	95,745	124,458	194,775
Total, Net Tons.....	134,090	167,938	95,745	124,458	194,775
LIMESTONE:					
Spencer Quarry, Gross Tons.....	24,908	20,115	878		
ORE:					
Shannon, Gross Tons.....		5,611	19,155	124,916	159,591
PIG IRON:					
Alabama City, Gross Tons.....	59,149	70,363	32,213	86,481	90,131
STEEL:					
Ingots.....Gross Tons	135,371	156,277	74,847	149,697	200,917
Billets and Slabs.....Gross Tons	120,276	134,220	64,699	132,031	175,574
Wire Rods.....Gross Tons	68,185	71,399	51,844	87,990	110,421
Bars, Plain.....Net Tons	17,091	31,091	8,075	25,810	36,594
Bars, Twisted.....Net Tons	954	544	569	1,265	490
Wire, Bright and Annealed Net Tons	73,328	75,863	55,769	99,123	119,617
Wire, Galvanized.....Net Tons	39,681	37,959	14,577	38,641	46,340
WIRE PRODUCTS:					
Wire, barbed (unpainted).....			127	231	
Wire, barbed (painted).....			129	231	158
Wire, barbed (galvanized).....	21,068	20,579	7,811	18,060	23,633
Fence, woven wire.....	14,067	14,024	5,105	12,534	12,992
Nails.....	29,147	31,681	36,491	51,497	61,705
Nails, galvanized.....	394	231	725	1,222	1,527
Nails, blued.....			381	383	787
Nails, Cement Coated.....			701	1,557	2,283
Staples.....	2,560	2,191	1,492	3,281	2,575
Bale Ties.....	426	687	1,019	1,114	1,098
Total, Net Tons.....	67,662	69,393	53,981	90,110	106,758
Grand Total Gross and Net Tons.....	1,037,185	1,138,636	765,523	1,321,968	1,777,550

G U L F S T A T E S S T E E L C O M P A N Y

The Company's operations during the year were very satisfactory, due to the improved general conditions, resulting in an increase of 17.21 % in the volume of business as compared with the previous year. The further expansion of the sales territory has continued, four foreign countries being added. 86½ % of the Company's 1923 tonnage was shipped to twenty-six domestic states, and 13½ % to twenty-five foreign countries.

Fixed Assets increased \$309,776.66 and Net Current Assets increased \$736,559.18, as compared with 1922, all as shown by the attached Balance Sheet.

The Net Income for the year after depreciation, taxes and reserves was \$1,576,521.24.

During the year regular dividends were continued on the First Preferred Stock and the Payment of Dividends was resumed on the Common and Second Preferred Stocks. All of the outstanding Second Preferred Stock with the exception of thirty-three shares was purchased and converted into shares of Common Stock which are held in the Treasury. In addition, Bonds of the Self Fluxing Ore & Iron Co. outstanding in amount of \$149,000 were purchased and retired, thus leaving the Company with no bonded indebtedness.

CAPITAL EXPENDITURES

Capital Expenditures during the year amounted to \$309,776.66, the principal improvements to each of the properties being as follows:

Alabama City Steel Plant

- Pot Wire Annealing Building and Equipment.
- Galvanizing, Bluing and Cement Coated Nail Equipment.
- Sulphate of Iron or Copperas Recovery Plant.
- Gas burners and Equipment for Rod Mill Heating Furnaces.
- Electric Power Line from plant to bar mill.
- Addition to Cooper Shop.
- 1 Cleaning House Crane
- 1 Manganese Crusher.
- 1 24" Engine Lathe.
- 1 Concrete Bar Bending Machine.
- 2 Wire Straightening and Cutting Machines.
- 1 Large Nail Machine.
- 6 Bale Tie Machines.
- 1 Stirrup Bending Machine.
- 1 Acetyline Generator.
- 1 Keyseater.
- 1 Electric Welding Outfit.
- 1 Wheel Press.
- 2 Tenement Houses.

Sayre Coal Mines

- 1 8-ton Electric Locomotive.

Altoona Mines

- 1 Locomotive and 2 Monitor Cars.

Shannon Ore Mine

- 25 Steel Mine Cars.
- 1 5½ ton Storage Battery Locomotive.
- 1 Ore Loader.
- 1 Arc Welder.
- 1 Commissary and Fixtures.
- 27 Miners' Houses.
- 2 Churches.

T E N T H A N N U A L R E P O R T

In addition to the above mentioned Capital Expenditures the mines and plants have been well maintained. Numerous minor betterments have been made and certain items of improved equipment added to the several plants. These improvements have all been reflected in the reduction of manufacturing costs.

The development of the Shannon Mine is proceeding satisfactorily. The output of ore during the year amounted to 159,591 tons, all of which has been smelted at the Company's blast furnace and has met all expectations as to quality and results obtained. Since operation of the Shannon Mine began, May, 1920, the total production of ore has been 309,273 tons.

The Directors acknowledge the loyal and efficient service of the various officers and employees.

By order of the Board of Directors.

C. A. MOFFETT,
President.

1924

ELEVENTH
ANNUAL REPORT

OF

GULF STATES STEEL COMPANY

BIRMINGHAM, ALA.

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FOR THE FISCAL YEAR ENDING
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ELEVENTH
ANNUAL REPORT
OF
GULF STATES STEEL COMPANY

EXECUTIVE AND GENERAL OFFICES: BROWN-MARX BUILDING
BIRMINGHAM, ALA.

NEW YORK OFFICE: 55 CEDAR STREET
NEW YORK CITY

338.7
G-95
1924

GULF STATES STEEL COMPANY

DIRECTORS

JAMES BOWRON.....	BIRMINGHAM, ALA.
LEWIS L. CLARKE.....	NEW YORK, N. Y.
ALFRED A. COOK.....	NEW YORK, N. Y.
WM. H. COVERDALE.....	NEW YORK, N. Y.
N. G. HIGHAM.....	NEW YORK, N. Y.
EDWARD M. MCILVAIN.....	NEW YORK, N. Y.
C. A. MOFFETT.....	BIRMINGHAM, ALA.
JOHN W. PLATTEN.....	NEW YORK, N. Y.
C. I. STRALEM.....	NEW YORK, N. Y.

EXECUTIVE COMMITTEE

JOHN W. PLATTEN, CHAIRMAN

JAMES BOWRON	WM. H. COVERDALE
ALFRED A. COOK	EDWARD M. MCILVAIN
C. A. MOFFETT	

OFFICERS

JAMES BOWRON.....	CHAIRMAN OF THE BOARD
C. A. MOFFETT.....	PRESIDENT
H. SANBORN SMITH.....	FIRST VICE-PRESIDENT
A. R. FORSYTH.....	VICE-PRESIDENT AND TREASURER
P. R. OWENS.....	SECRETARY AND AUDITOR
C. V. ORR.....	ASSISTANT TREASURER
CALVERT BREWER.....	ASST. SEC'Y AND ASST. TREAS.
L. E. GEOHEGAN.....	GENERAL MANAGER
F. R. THOMPSON.....	ASSISTANT GENERAL MANAGER
C. E. PADDOCK.....	GENERAL SALES AGENT
B. F. TYLER.....	PURCHASING AGENT
C. E. BOWRON.....	CHIEF ENGINEER
H. H. KNIGHT.....	TRAFFIC MANAGER

CONSULTING ENGINEER

WM. H. COVERDALE.....	NEW YORK, N. Y.
-----------------------	-----------------

COUNSEL

LARKIN, RATHBONE & PERRY.....	NEW YORK, N. Y.
PERCY, BENNERS & BURR.....	BIRMINGHAM, ALA.
O. R. HOOD.....	GADSDEN, ALA.

TRANSFER AGENT

GUARANTY TRUST COMPANY OF NEW YORK
140 BROADWAY, NEW YORK, N. Y.

REGISTRAR

UNITED STATES MORTGAGE AND TRUST COMPANY
55 CEDAR STREET, NEW YORK, N. Y.

GULF STATES STEEL COMPANY

TO THE STOCKHOLDERS:

The Board of Directors herewith submits its Eleventh Annual Report of operations for the Fiscal Year ending December 31, 1924, together with a Financial Statement and General Report on the condition of the property at the close of the year.

INCOME REPORT

The Net Operating Income for the year 1924 amounted to \$1,493,972.17, a decrease of \$675,891.24 compared with the year 1923. After making provision for Depreciation and Taxes and all anticipated losses, the Net Profit carried to Surplus amounted to \$979,315.46.

COMPARATIVE STATEMENT OF EARNINGS AND DISPOSITION OF INCOME

	1920	1921	1922	1923	1924
Gross Profits.....	\$1,153,089.28	*\$ 242,921.79	\$1,406,083.35	\$2,169,863.41	\$1,493,972.17
Deductions for Depreciation, Taxes and Other Reserves.....	401,869.50	348,994.00	447,875.65	593,342.17	514,656.71
Net Profits carried to Surplus.....	\$ 751,219.78	*\$ 591,915.79	\$ 958,207.70	\$1,576,521.24	\$ 979,315.46

*Deficit

G U L F S T A T E S S T E E L C O M P A N Y

STATEMENT OF SURPLUS For the Year ending December 31, 1924

Balance December 31, 1923.....					\$ 3,926,547.57
Less:					
Dividends Paid:					
1st Preferred Stock, April 1, 1924.....	\$	35,000.00			
1st Preferred Stock, July 1, 1924.....		35,000.00			
1st Preferred Stock, October 1, 1924.....		35,000.00			
*1st Preferred Stock, January 2, 1925.....		35,000.00	\$ 140,000.00		
2nd Preferred Stock, April 1, 1924.....	\$	46.50			
2nd Preferred Stock, July 1, 1924.....		46.50			
2nd Preferred Stock, October 1, 1924.....		30.00	123.00		
Common Stock, April 1, 1924.....	\$	140,162.50			
Common Stock, July 1, 1924.....		140,162.50			
Common Stock, October 1, 1924.....		140,162.50			
*Common Stock, January 2, 1925.....		140,175.00	560,662.50	\$ 700,785.50	
Loss on sale of Property acquired for War Purposes.....			66,442.42	767,227.92	
					\$ 3,159,319.65
Net Income Year 1924.....					979,315.46
Balance December 31, 1924.....					\$ 4,138,635.11

*These amounts remitted December 26, 1924, to the Guaranty Trust Company of New York, Transfer Agent, for distribution.

G U L F S T A T E S S T E E L C O M P A N Y

BALANCE SHEET As At December 31, 1924

ASSETS

FIXED ASSETS:

Works and Properties as at December 31, 1923.....	\$17,346,943.24	
Additions during 1924—Net.....	276,427.76	\$17,623,371.00

CURRENT ASSETS:

Cash.....	\$ 1,242,154.21	
U. S. Liberty Loan Bonds 4th 4¼s at Cost.....	378,016.49	
Accounts Receivable.....	762,472.67	
Notes Receivable.....	200,326.49	
Inventories:		
Salable.....	\$ 909,833.58	
Convertible.....	1,120,076.99	
Consumable.....	399,808.68	
	2,429,719.25	5,012,689.11

PREPAID INSURANCE AND TAXES.....	34,268.64
----------------------------------	-----------

\$22,670,328.75

G U L F S T A T E S S T E E L C O M P A N Y

BALANCE SHEET As At December 31, 1924

LIABILITIES

CAPITAL STOCK:

First Preferred 7% Cumulative.....	\$ 3,000,000.00		
LESS—In Treasury.....	1,000,000.00	\$ 2,000,000.00	
Second Preferred—6% Non-Cumulative.....	\$ 1,000,000.00		
LESS—In Treasury.....	1,000,000.00		
Common.....	\$11,500,000.00		
LESS—In Treasury.....	286,000.00	11,214,000.00	\$13,214,000.00

CURRENT LIABILITIES:

Accounts Payable.....	\$ 252,559.20		
Pay Rolls and Accrued Wages.....	104,792.95		
Accrued Taxes.....	36,472.52		
Dividends Payable January 2, 1925.....	175,175.00		568,999.67

RESERVES:

Depreciation and Extinguishment.....	\$ 2,598,101.70		
Special Reserve against Property.....	1,594,367.20		
Replacements and Sundries.....	302,145.91		
Contingencies.....	107,694.95		
Federal Taxes—1924.....	146,384.21		4,748,693.97

SURPLUS:

Balance—December 31, 1923.....	\$ 3,926,547.57		
LESS: Dividends.....	\$ 700,785.50		
Loss on Sale of Property acquired for War Purposes.....	66,442.42	767,227.92	
	\$ 3,159,319.65		
Profit for Year 1924.....	979,315.46		4,138,635.11
			\$22,670,328.75

G U L F S T A T E S S T E E L C O M P A N Y

New York, January 28, 1925.

The foregoing Balance Sheet of the Gulf States Steel Company has been prepared from the books and records of the Company as at December 31, 1924.

Regarding the Current Assets, the Inventories have been valued at cost, in all cases below the market, and the Accounts and Notes Receivable are shown after charging off all known Bad Debts and after making adequate provision for all doubtful accounts.

Subject to a complete and full appraisal of the Fixed Properties of the Company and to the adequacy of the Reserve for Federal Taxes, we are of the opinion that the foregoing Balance Sheet presents a true statement of the affairs of the Gulf States Steel Company as at December 31, 1924.

BARROW, WADE, GUTHRIE & COMPANY,

Accountants and Auditors.

G U L F S T A T E S S T E E L C O M P A N Y

INVENTORIES

Classification	1920	1921	1922	1923	1924
Salable.....	\$1,220,390.43	\$ 854,704.04	\$ 801,249.31	\$1,193,964.46	\$ 909,833.58
Convertible.....	827,695.43	610,383.44	594,420.45	853,293.06	1,120,076.99
Consumable.....	499,723.83	483,168.24	360,027.84	424,089.75	399,808.68
Total.....	\$2,547,809.69	\$1,948,255.72	\$1,755,697.60	\$2,471,347.27	\$2,429,719.25

AVERAGE NUMBER OF MEN EMPLOYED

	1920	1921	1922	1923	1924
Quarries.....	34				
Ore Mines.....	67	73	113	175	223
Coal Mines and Coke Ovens.....	529	684	608	771	804
Blast Furnaces.....	112	114	115	90	87
Steel and Wire Works.....	1524	885	1308	1776	1425
Total.....	2266	1756	2144	2812	2539

TOTAL EXPENDED FOR LABOR

1920.....	\$ 4,202,826.05
1921.....	2,129,555.17
1922.....	2,523,616.97
1923.....	4,037,617.45
1924.....	3,569,333.70

AVERAGE EARNINGS PER MAN

1920.....	\$ 1,854.73
1921.....	1,212.73
1922.....	1,177.06
1923.....	1,435.85
1924.....	1,405.80

GROSS SALES

1920.....	\$11,439,627.00
1921.....	4,820,639.00
1922.....	7,801,135.00
1923.....	10,943,424.00
1924.....	9,403,214.00

G U L F S T A T E S S T E E L C O M P A N Y

OUTPUT

The following figures show the comparative production of the different departments:

	1920	1921	1922	1923	1924
	Tons	Tons	Tons	Tons	Tons
COAL:					
Virginia.....	140,859	117,571	135,877	170,096	141,320
Altoona.....	46,706	70,566	96,384	130,923	129,433
Sayre.....	110,298	105,034	129,185	235,323	205,555
Total, Net Tons	297,863	293,171	361,446	536,342	476,308
COKE:					
Alabama City.....	167,938	95,745	124,458	194,775	197,270
LIMESTONE:					
Spencer Quarry, Gross Tons.....	20,115	878			
ORE:					
Shannon, Gross Tons.....	5,611	19,155	124,916	159,591	246,200
PIG IRON:					
Alabama City, Gross Tons.....	70,363	32,213	86,481	90,131	116,665
STEEL:					
Ingots.....Gross Tons	156,277	74,847	149,697	200,917	164,959
Billets and Slabs.....Gross Tons	134,220	64,699	132,031	175,574	146,897
Wire Rods.....Gross Tons	71,399	51,844	87,990	110,421	83,530
Bars, Plain.....Net Tons	31,091	8,075	25,810	36,594	33,087
Bars, Twisted.....Net Tons	544	569	1,265	490	
Wire, Bright and Annealed.....Net Tons	75,863	55,769	99,123	119,617	91,579
Wire, Galvanized.....Net Tons	37,959	14,577	38,641	46,340	33,324
WIRE PRODUCTS:					
Wire, barbed (unpainted).....		127	231		
Wire, barbed (painted).....		129	231	158	144
Wire, barbed (galvanized).....	20,579	7,811	18,060	23,633	18,013
Fence, woven wire.....	14,024	5,105	12,534	12,992	7,901
Nails.....	31,681	36,491	51,497	61,705	44,799
Nails, galvanized.....	231	725	1,222	1,527	1,237
Nails, blued.....		381	383	787	496
Nails, Cement Coated.....		701	1,557	2,283	2,046
Staples.....	2,191	1,492	3,281	2,575	1,895
Bale Ties.....	687	1,019	1,114	1,098	2,723
Total, Net Tons	69,393	53,981	90,110	106,758	79,254
Grand Total Gross and Net Tons	1,138,636	765,523	1,321,968	1,777,550	1,669,073

G U L F S T A T E S S T E E L C O M P A N Y

The Company's operations during the year were satisfactory and although the general depression which prevailed in the steel and kindred businesses affected both the tonnage produced and prices received, the Company continued to hold the business in territories previously gained, both domestic and in foreign countries.

The Net Income for the year after depreciation, taxes and reserves was \$979,315.46.

Fixed Assets increased \$276,427.76 and Net Current Assets increased \$471,155.98 compared with 1923, all as shown by the attached Balance Sheet.

During the year regular dividends were continued on the First Preferred Stock and dividends totalling 5% were paid on the Common Stock. The balance of the outstanding shares of Second Preferred Stock was purchased and converted into shares of the Common Stock which are held in the treasury.

CAPITAL EXPENDITURES

Alabama City Steel Plant

1	8" Centrifugal Pump	1	Bolt Heading Machine
1	Gas Holder, 500,000 cu. ft. capacity	1	2500 lb. Steam Hammer
1	125 Ton Hot Metal Car		Complete Air Ventilating System for Wire Mill
20	Fine Wire Drawing Benches		Drawing Room
1	Burlap Wire Wrapping Machine		20 ft. added to Nail Mill Machine Shop
1	Electric Butt Welder		20 ft. added to Spool Shop
1	Bar Mill Bar Shear		Concrete Bar Bending Equipment
		9	Septic Toilets for Tenant Houses

Sayre Coal Mines

1	6 Ton Electric Mine Locomotive
---	--------------------------------

Virginia Coal Mines

New Mine Ventilating Fan, Fan House and Equipment

Shannon Ore Mine

1	Fireproof Powder Magazine	25	Steel Mine Cars
1	2 Ton Ice Machine	10	Air Drills
1	300 KW Motor Generator Set with Switchboards	1	100,000 gal. Water Reservoir
1	10 Ton Electric Mine Locomotive		Wired Slope and Mine for Electric Haulage

In addition to the above mentioned Capital Expenditures, the mines and plants have been maintained at the Company's usual high standard of efficiency. Numerous minor betterments have been made and various items of improved equipment added to the several plants, all of which have been reflected in the reduction of manufacturing costs.

The output of ore from the Shannon Mine during the year amounted to 246,200 tons, all of which was smelted at the Company's blast furnace with excellent results. The total production of ore from this mine since its operation began in May, 1920, has been 555,473 tons. The mine is now so far developed that it is producing all the ore required at the blast furnace. During this year 200 acres of additional land lying between two large sections of the ore property were purchased.

Messrs. Barrow, Wade, Guthrie & Company, accountants and auditors, again have audited the books and accounts of the Company and their certificate is shown on the Balance Sheet included herein.

The Directors acknowledge the loyal and efficient service of the various officers and employees.

By order of the Board of Directors.

C. A. MOFFETT

President.

NO ALTS.	F. X.	BOND	P. U.	SERIES	NAME	MAILED BY	DATE
BOOK FOR	1925						
RECEIVED				WHEN	REC'D	CARDS	
FILED							
FEB 23 1926							
TWELFTH							

RETURN TO FILL

CALVIN & CO.

STATISTICAL DEPT.

T W E L F T H

ANNUAL REPORT

OF

RETURN TO FILE

GULF STATES STEEL COMPANY

COLMAN & CO.

STATISTICAL DEPT. BIRMINGHAM, ALA.

□ □

FOR THE FISCAL YEAR ENDING
DECEMBER 31, 1925

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TWELFTH
ANNUAL REPORT
OF
GULF STATES STEEL COMPANY

EXECUTIVE AND GENERAL OFFICES: BROWN-MARK BUILDING
BIRMINGHAM, ALA.

NEW YORK OFFICE: 55 CEDAR STREET
NEW YORK CITY

338,7
G-95
1925

GULF STATES STEEL COMPANY

DIRECTORS

JAMES BOWRON.....	BIRMINGHAM, ALA.
LEWIS L. CLARKE.....	NEW YORK, N. Y.
ALFRED A. COOK.....	NEW YORK, N. Y.
WM. H. COVERDALE.....	NEW YORK, N. Y.
N. G. HIGHAM.....	NEW YORK, N. Y.
EDWARD M. MCILVAIN.....	NEW YORK, N. Y.
C. A. MOFFETT.....	BIRMINGHAM, ALA.
JOHN W. PLATTEN.....	NEW YORK, N. Y.
C. I. STRALEM.....	NEW YORK, N. Y.

EXECUTIVE COMMITTEE

JOHN W. PLATTEN, CHAIRMAN

JAMES BOWRON

WM. H. COVERDALE

ALFRED A. COOK

EDWARD M. MCILVAIN

C. A. MOFFETT

OFFICERS

JAMES BOWRON.....	CHAIRMAN OF THE BOARD
C. A. MOFFETT.....	PRESIDENT
H. SANBORN SMITH.....	FIRST VICE-PRESIDENT
A. R. FORSYTH.....	VICE-PRESIDENT AND TREASURER
P. R. OWENS.....	SECRETARY AND AUDITOR
C. V. ORR.....	ASSISTANT TREASURER
CALVERT BREWER.....	ASST. SEC'Y AND ASST. TREAS.
L. E. GEOHEGAN.....	GENERAL MANAGER
F. R. THOMPSON.....	ASSISTANT GENERAL MANAGER
C. C. BROWN.....	GENERAL SALES AGENT
B. F. TYLER.....	PURCHASING AGENT
C. E. BOWRON.....	CHIEF ENGINEER
H. H. KNIGHT.....	TRAFFIC MANAGER

CONSULTING ENGINEER

WM. H. COVERDALE.....NEW YORK, N. Y.

COUNSEL

LARKIN, RATHBONE & PERRY.....	NEW YORK, N. Y.
PERCY, BENNERS & BURR.....	BIRMINGHAM, ALA.
O. R. HOOD.....	GADSDEN, ALA.

TRANSFER AGENT

GUARANTY TRUST COMPANY OF NEW YORK
140 BROADWAY, NEW YORK, N. Y.

REGISTRAR

UNITED STATES MORTGAGE AND TRUST COMPANY
55 CEDAR STREET, NEW YORK, N. Y.

GULF STATES STEEL COMPANY

TO THE STOCKHOLDERS:

The Board of Directors herewith submits its Twelfth Annual Report of operations for the Fiscal Year ending December 31, 1925, together with a Financial Statement and General Report on the condition of the property at the close of the year.

INCOME REPORT

The Net Operating Income for the year 1925 amounted to \$1,571,441.12, an increase of \$77,468.95 compared with the year 1924. After making provision for Depreciation and Taxes and all anticipated losses, the Net Profit carried to Surplus amounted to \$1,036,777.84.

COMPARATIVE STATEMENT OF EARNINGS AND DISPOSITION OF INCOME

	1921	1922	1923	1924	1925
Gross Profits.....	*\$ 242,921.79	\$1,406,083.35	\$2,169,863.41	\$1,493,972.17	\$1,571,441.12
Deductions for Depreciation, Taxes and Other Reserves.....	348,994.00	447,875.65	593,342.17	514,656.71	534,663.28
Net Profits carried to Surplus.....	*\$ 591,915.79	\$ 958,207.70	\$1,576,521.24	\$ 979,315.46	\$1,036,777.84

*Deficit

G U L F S T A T E S S T E E L C O M P A N Y

STATEMENT OF SURPLUS For the Year ending December 31, 1925

Balance December 31, 1924.....					\$ 4,138,635.11
Less:					
Dividends Paid:					
1st Preferred Stock, April 1, 1925.....	\$	35,000.00			
1st Preferred Stock, July 1, 1925.....		35,000.00			
1st Preferred Stock, October 1, 1925.....		35,000.00			
*1st Preferred Stock, January 2, 1926.....		35,000.00	\$	140,000.00	
†Common Stock, March 13, 1925.....	\$	1,289,230.50			
Common Stock, April 1, 1925.....		156,250.00			
Common Stock, July 1, 1925.....		156,250.00			
Common Stock, October 1, 1925.....		156,250.00			
*Common Stock, January 2, 1926.....		156,250.00	1,914,230.50		2,054,230.50
					\$ 2,084,404.61
Net Income Year 1925.....					1,036,777.84
Balance December 31, 1925.....					\$ 3,121,182.45

*These amounts remitted December 26, 1925, to the Guaranty Trust Company of New York, Transfer Agent, for distribution.

†11½% Stock Dividend to holders of Common Stock of record March 2, 1925.

G U L F S T A T E S S T E E L C O M P A N Y

BALANCE SHEET As At December 31, 1925

ASSETS

FIXED ASSETS:

Works and Properties as at December 31, 1924.....	\$17,623,371.00	
Additions during 1925—Net.....	1,431,850.46	\$19,055,221.46

CURRENT ASSETS:

Cash.....	\$ 754,628.08
U. S. Liberty Loan Bonds—at Cost.....	408,597.74
Accounts Receivable.....	818,048.18
Notes Receivable.....	167,568.11

Inventories:

Salable.....	\$ 1,008,676.87	
Convertible.....	1,012,150.55	
Consumable.....	385,803.67	2,406,631.09
		4,555,473.20

PREPAID INSURANCE AND TAXES..... 23,288.24

6578762

\$23,633,982.90

G U L F S T A T E S S T E E L C O M P A N Y

BALANCE SHEET As At December 31, 1925

LIABILITIES

CAPITAL STOCK:

First Preferred—7% Cumulative.....	\$ 3,000,000.00	
LESS—In Treasury	<u>1,000,000.00</u>	\$ 2,000,000.00
Common.....		<u>12,500,000.00</u> \$14,500,000.00

CURRENT LIABILITIES:

Accounts Payable.....	\$ 464,012.46 ✓	
Payrolls and Accrued Wages.....	109,959.95 ✓	
Accrued Taxes.....	43,889.97 ✓	
Dividends Payable January 2, 1926.....	<u>191,250.00 ✓</u>	809,112.38

RESERVES:

Depreciation and Extinguishment.....	\$ 2,923,200.65	
Special Reserve Against Property.....	1,579,534.47	
Replacement and Sundries.....	376,594.87	
Contingencies.....	160,493.30	
Federal Taxes—1925.....	<u>163,864.78</u>	5,203,688.07

SURPLUS:

Balance—December 31, 1924.....	\$ 4,138,635.11	
LESS—Dividends.....	<u>2,054,230.50</u>	
	\$ 2,084,404.61	
Profit for Year 1925.....	<u>1,036,777.84</u>	3,121,182.45
		<u>\$23,633,982.90</u>

G U L F S T A T E S S T E E L C O M P A N Y

New York, January 26, 1926.

The foregoing Balance Sheet of the Gulf States Steel Company has been prepared from the books and records of the Company as at December 31, 1925.

Regarding the Current Assets, the Inventories in all cases below the market have been valued at cost and the Accounts and Notes Receivable are shown after charging off all known Bad Debts and after making adequate provision for all doubtful accounts.

Subject to a complete and full appraisal of the Fixed Properties of the Company and to the adequacy of the Reserve for Federal Taxes, we are of the opinion that the foregoing Balance Sheet presents a true statement of the affairs of the Gulf States Steel Company as at December 31, 1925.

BARROW, WADE, GUTHRIE & CO.

Accountants and Auditors.

G U L F S T A T E S S T E E L C O M P A N Y

INVENTORIES

Classification	1921	1922	1923	1924	1925
Salable.....	\$ 854,704.04	\$ 801,249.31	\$1,193,964.46	\$ 909,833.58	\$1,008,676.87
Convertible.....	610,383.44	594,420.45	853,293.06	1,120,076.99	1,012,150.55
Consumable.....	483,168.24	360,027.84	424,089.75	399,808.68	385,803.67
Total.....	\$1,948,255.72	\$1,755,697.60	\$2,471,347.27	\$2,429,719.25	\$2,406,631.09

AVERAGE NUMBER OF MEN EMPLOYED

	1921	1922	1923	1924	1925
Ore Mines.....	73	113	175	223	217
Coal Mines and Coke Ovens.....	684	608	771	804	767
Blast Furnaces.....	114	115	90	87	87
Steel and Wire Works.....	885	1308	1776	1425	1601
Total.....	1756	2144	2812	2539	2672

TOTAL EXPENDED FOR LABOR

1921.....	\$ 2,129,555.17
1922.....	2,523,616.97
1923.....	4,037,617.45
1924.....	3,569,333.70
1925.....	3,853,562.25

AVERAGE EARNINGS PER MAN

1921.....	\$ 1,212.73
1922.....	1,177.06
1923.....	1,435.85
1924.....	1,405.80
1925.....	1,442.20

GROSS SALES

1921.....	\$ 4,820,639.00
1922.....	7,801,135.00
1923.....	10,943,424.00
1924.....	9,403,214.00
1925.....	10,417,965.06

G U L F S T A T E S S T E E L C O M P A N Y

OUTPUT

The following figures show the comparative production of the different departments:

	1921 Tons	1922 Tons	1923 Tons	1924 Tons	1925 Tons
COAL:					
Virginia.....	117,571	135,877	170,096	141,320	145,078
Altoona.....	70,566	96,384	130,923	129,433	127,226
Sayre.....	105,034	129,185	235,323	205,555	237,909
Total, Net Tons.....	293,171	361,446	536,342	476,308	510,213
COKE:					
Alabama City.....	95,745	124,458	194,775	197,270	187,222
LIMESTONE:					
Spencer Quarry, Gross Tons.....	878				
ORE:					
Shannon, Gross Tons.....	19,155	124,916	159,591	246,200	227,889
PIG IRON:					
Alabama City, Gross Tons.....	32,213	86,481	90,131	116,665	116,174
STEEL:					
Ingots.....Gross Tons	74,847	149,697	200,917	164,959	211,153
Billets and Slabs.....Gross Tons	64,699	132,031	175,574	146,897	185,441
Wire Rods.....Gross Tons	51,844	87,990	110,421	83,530	94,316
Bars, Plain.....Net Tons	8,075	25,810	36,594	33,087	39,921
Bars, Twisted.....Net Tons	569	1,265	490		
Wire, Bright and Annealed.....Net Tons	55,769	99,123	119,617	91,579	105,381
Wire, Galvanized.....Net Tons	14,577	38,641	46,340	33,324	36,327
WIRE PRODUCTS:					
Wire, barbed (unpainted).....	127	231			
Wire, barbed (painted).....	129	231	158	144	83
Wire, barbed (galvanized).....	7,811	18,060	23,633	18,013	16,887
Fence, woven wire.....	5,105	12,534	12,992	7,901	9,998
Nails.....	36,491	51,497	61,705	44,799	50,352
Nails, galvanized.....	725	1,222	1,527	1,237	1,735
Nails, blued.....	381	383	787	496	629
Nails, Cement Coated.....	701	1,557	2,283	2,046	2,225
Staples.....	1,492	3,281	2,575	1,895	1,760
Bale Ties.....	1,019	1,114	1,098	2,723	3,281
Total, Net Tons.....	53,981	90,110	106,758	79,254	86,950
Grand Total Gross and Net Tons.....	765,523	1,321,968	1,777,550	1,669,073	1,800,987

G U L F S T A T E S S T E E L C O M P A N Y

The Company's operations during the year were satisfactory and resulted in an Ingot production of 211,153 tons, such output being the largest in the history of the Company.

Total shipments of steel products amounted to 191,675 tons, an increase of 42,205 tons over the previous year. The keen competition which prevailed in the trade resulted in lower prices for manufactured goods, but this was offset in large measure by lower costs resulting from improved conditions of manufacturing, plant additions and betterments and improved equipment, without reduction in wages.

The net income for the year after depreciation, taxes and reserves was \$1,036,777.84 as against \$979,315.46 for the previous year.

A Common Stock dividend of 11½ per cent was declared on February 18, and regular cash dividends of 7 per cent on the First Preferred Stock and 5 per cent on the Common Stock were paid during the year.

The Fixed Assets on December 31, 1925 amounted to \$19,055,221.46, an increase of \$1,431,850.46 over the previous year; as against which the Net Current Assets at the close of the year amounted to \$3,746,360.82 a decrease of \$697,328.62.

The demand for steel bars having for a considerable time exceeded the capacity of the bar mill, the Company purchased a 12-9" electrically driven bar mill complete with all equipment, including gas producers and heating furnaces and capable of rolling both bars and structural shapes, such as are in demand in its sales territory. Steel buildings, suitable to house this new mill, have been erected at Alabama City and the mill itself will be in operation in the near future.

During the year the Company's coal reserves have been augmented by the purchase of about 80,000 acres of well proven coal lands situated in Tuscaloosa and Fayette Counties, Alabama. Thirty-two thousand acres of these lands have been accepted and paid for, and the examination of titles on the balance is nearing completion.

The following capital improvements have been made during the year:

ALABAMA CITY STEEL PLANT

1 Fan Engine at Rod Mill Boilers	Continuous Heating Furnace at Bar Mill
1 50 H. P. Electrically Driven Ash Hoist	Added 20 ft. to Bar Mill Building
Oiling System for Rod and Blooming Mill Engines	6 5-ton Platform Cars
1 Pyrometer for Rod Mill Heating Furnaces	1 Portable Man Cooler Fan
1 Ingersoll-Rand Gas Compressor	2 Concrete Bar Bending Machines
Equipped Galvanizing Units, Bakers and Pot Annealers with Gas Burners	1 Spiral Bending Machine
1 20" Shaper	Enlarged Air Compressor Building
Equipment for packing nails in small kegs	1 Electric Lifting Magnet
8 10d Nail Machines	1 New Concrete Mixer
1 Rod Straightener and Cutting Machine	1 42' Box Car
	New Priming Pump for Pumping Station
	1 New Toilet and Septic Tank for Shops

VIRGINIA COAL MINES

- 1 5-ton Electric Storage Battery Locomotive with extra cells and charging panel
- 1 Portable Air Compressor

SAYRE COAL MINES

- 2 6-ton Electric Locomotives
- 1 100,000 cu. ft. Electrically Driven Ventilating Fan
- 1 Portable Air Compressor
- 2 Jackhammer Drills

G U L F S T A T E S S T E E L C O M P A N Y

ALTOONA MINES

2 4-room Houses
1 90 H. P. Boiler
1 60 H. P. Boiler
1 Double-Drum Tail Rope Engine
Complete

SHANNON ORE MINE

30 4-room Houses
1 25 H. P. Motor Driven Hoist

The usual policy of maintaining mines and plant at a high standard of efficiency has obtained throughout the year.

Messrs. Barrow, Wade, Guthrie & Company, Accountants and Auditors, again have audited the books and accounts of the Company, and their certificate accompanies the Balance Sheet.

The Directors acknowledge the loyal and efficient services of the various officers and employes.

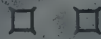
By order of the Board of Directors.

C. A. MOFFETT,
President.

338.7
G95
1926

1926

THIRTEENTH
ANNUAL REPORT
OF
GULF STATES STEEL COMPANY
BIRMINGHAM, ALA.



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FOR THE FISCAL YEAR ENDING
DECEMBER 31, 1926

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THIRTEENTH
ANNUAL REPORT
OF
GULF STATES STEEL COMPANY

EXECUTIVE AND GENERAL OFFICES: BROWN-MARX BUILDING
BIRMINGHAM, ALA.

NEW YORK OFFICE: 55 CEDAR STREET
NEW YORK CITY

338.7
G25
1926

GULF STATES STEEL COMPANY

DIRECTORS

JAMES BOWRON.....	BIRMINGHAM, ALA.
LEWIS L. CLARKE.....	NEW YORK, N. Y.
ALFRED A. COOK.....	NEW YORK, N. Y.
WM. H. COVERDALE.....	NEW YORK, N. Y.
N. G. HIGHAM.....	NEW YORK, N. Y.
EDWARD M. MCILVAIN.....	NEW YORK, N. Y.
C. A. MOFFETT.....	BIRMINGHAM, ALA.
JOHN W. PLATTEN.....	NEW YORK, N. Y.
C. I. STRALEM.....	NEW YORK, N. Y.

EXECUTIVE COMMITTEE

JOHN W. PLATTEN, CHAIRMAN

JAMES BOWRON	WM. H. COVERDALE
ALFRED A. COOK	EDWARD M. MCILVAIN

OFFICERS

JAMES BOWRON.....	CHAIRMAN OF THE BOARD
H. SANBORN SMITH.....	FIRST VICE-PRESIDENT
A. R. FORSYTH.....	VICE-PRESIDENT AND TREASURER
L. E. GEOHEGAN.....	VICE-PRESIDENT AND GENERAL MANAGER
P. R. OWENS.....	SECRETARY AND AUDITOR
C. V. ORR.....	ASSISTANT TREASURER
CALVERT BREWER.....	ASST. SEC'Y AND ASST. TREAS.
F. R. THOMPSON.....	ASSISTANT GENERAL MANAGER
C. C. BROWN.....	GENERAL SALES AGENT
B. F. TYLER.....	PURCHASING AGENT
C. E. BOWRON.....	CHIEF ENGINEER
H. H. KNIGHT.....	TRAFFIC MANAGER

CONSULTING ENGINEER

WM. H. COVERDALE.....	NEW YORK, N. Y.
-----------------------	-----------------

COUNSEL

LARKIN, RATHBONE & PERRY.....	NEW YORK, N. Y.
PERCY, BENNERS & BURR.....	BIRMINGHAM, ALA.
O. R. HOOD.....	GADSDEN, ALA.

TRANSFER AGENT

GUARANTY TRUST COMPANY OF NEW YORK
140 BROADWAY, NEW YORK, N. Y.

REGISTRAR

UNITED STATES MORTGAGE AND TRUST COMPANY
55 CEDAR STREET, NEW YORK, N. Y.

GULF STATES STEEL COMPANY

TO THE STOCKHOLDERS:

The Board of Directors herewith submits its Thirteenth Annual Report of operations for the Fiscal Year ending December 31, 1926, together with a Financial Statement and General Report on the condition of the property at the close of the year.

INCOME REPORT

The Net Operating Income for the year 1926 amounted to \$1,244,761.44, a decrease of \$326,679.68 compared with the year 1925. After making provision for Depreciation and Taxes and all anticipated losses, the Net Profit carried to Surplus amounted to \$799,792.73.

COMPARATIVE STATEMENT OF EARNINGS AND DISPOSITION OF INCOME

	1922	1923	1924	1925	1926
Gross Profits.....	\$1,406,083.35	\$2,169,863.41	\$1,493,972.17	\$1,571,441.12	\$1,244,761.44
Deductions for Depreciation, Taxes and Other Reserves.....	447,875.65	593,342.17	514,656.71	534,663.28	444,968.71
Net Profits carried to Surplus.....	\$ 958,207.70	\$1,576,521.24	\$ 979,315.46	\$1,036,777.84	\$ 799,792.73

G U L F S T A T E S S T E E L C O M P A N Y

STATEMENT OF SURPLUS For the Year Ending December 31, 1926

Balance December 31, 1925.....				\$ 3,121,182.45
Less:				
Dividends Paid:				
1st Preferred Stock, April 1, 1926.....	\$	35,000.00		
1st Preferred Stock, July 1, 1926.....		35,000.00		
1st Preferred Stock, October 1, 1926.....		35,000.00		
*1st Preferred Stock, January 3, 1927.....		35,000.00	\$ 140,000.00	
Common Stock, April 1, 1926.....		156,250.00		
Common Stock, July 1, 1926.....		156,250.00		
Common Stock, October 1, 1926.....		156,250.00		
*Common Stock, January 3, 1927.....		156,250.00	625,000.00	765,000.00
				\$ 2,356,182.45
Net Income Year 1926.....				799,792.73
Balance December 31, 1926.....				\$ 3,155,975.18

*These amounts remitted December 28, 1926, to the Guaranty Trust Company of New York, Transfer Agent, for distribution.

G U L F S T A T E S S T E E L C O M P A N Y

BALANCE SHEET As At December 31, 1926

ASSETS

FIXED ASSETS:

Works and Properties as at December 31, 1925.....	\$19,055,221.46	
Additions during 1926—Net.....	1,251,515.29	\$20,306,736.75

CURRENT ASSETS:

Cash.....	\$ 679,062.13	
Accounts Receivable.....	692,957.77	
Notes Receivable.....	162,066.72	

Inventories:

Salable.....	\$ 1,152,901.79		
Convertible.....	904,492.17		
Consumable.....	476,414.79	2,533,808.75	4,067,895.37

PREPAID INSURANCE AND TAXES.....	51,342.81
----------------------------------	-----------

\$24,425,974.93

G U L F S T A T E S S T E E L C O M P A N Y

BALANCE SHEET As At December 31, 1926

LIABILITIES			
CAPITAL STOCK:			
First Preferred—7% Cumulative.....	\$ 3,000,000.00		
LESS—In Treasury.....	1,000,000.00	\$ 2,000,000.00	
Common.....		12,500,000.00	\$14,500,000.00
COAL LAND PURCHASE NOTES—DUE 1928 to 1932.....			490,000.00
CURRENT LIABILITIES:			
Accounts Payable.....	\$ 518,778.13		
Payrolls and Accrued Wages.....	90,890.25		
Accrued Taxes and Interest.....	62,323.42		
Coal Land Purchase Notes due July 1, 1927.....	100,000.00		
Dividends Payable January 3, 1927.....	191,250.00		963,241.80
RESERVES:			
Depreciation and Extinguishment.....	\$ 3,202,076.69		
Special Reserve Against Property.....	1,579,682.37		
Replacements and Sundries.....	270,604.67		
Contingencies.....	156,530.51		
Federal Taxes—1926.....	107,863.71		5,316,757.95
SURPLUS:			
Balance—December 31, 1925.....	\$ 3,121,182.45		
LESS—Dividends.....	765,000.00		
	\$ 2,356,182.45		
Profit for Year 1926.....	799,792.73		3,155,975.18
			\$24,425,974.93

G U L F S T A T E S S T E E L C O M P A N Y

New York, February 17, 1927.

The foregoing Balance Sheet of the Gulf States Steel Company has been prepared from the books and records of the Company as at December 31, 1926.

Regarding the Current Assets, the Inventories have been valued at cost which in all cases tested was below the market value. Accounts and Notes Receivable are shown after charging off all known Bad Debts and adequate Reserves have been provided for doubtful accounts.

Subject to the value of the Fixed Properties shown on the books of the Company and to the adequacy of the Reserve for Federal Taxes, we are of the opinion that the foregoing Balance Sheet presents a true statement of the position of the Gulf States Steel Company as at December 31, 1926.

BARROW, WADE, GUTHRIE & CO.

Accountants and Auditors.

G U L F S T A T E S S T E E L C O M P A N Y

INVENTORIES

Classification	1922	1923	1924	1925	1926
Salable.....	\$ 801,249.31	\$1,193,964.46	\$ 909,833.58	\$1,008,676.87	\$1,152,901.79
Convertible.....	594,420.45	853,293.06	1,120,076.99	1,012,150.55	904,492.17
Consumable.....	360,027.84	424,089.75	399,808.68	385,803.67	476,414.79
Total.....	\$1,755,697.60	\$2,471,347.27	\$2,429,719.25	\$2,406,631.09	\$2,533,808.75

AVERAGE NUMBER OF MEN EMPLOYED

	1922	1923	1924	1925	1926
Ore Mines.....	113	175	223	217	174
Coal Mines and Coke Ovens.....	608	771	804	767	718
Blast Furnaces.....	115	90	87	87	78
Steel and Wire Works.....	1308	1776	1425	1601	1567
Total.....	2144	2812	2539	2672	2537

TOTAL EXPENDED FOR LABOR

1922.....	\$ 2,523,616.97
1923.....	4,037,617.45
1924.....	3,569,333.70
1925.....	3,853,562.25
1926.....	3,692,486.10

AVERAGE EARNINGS PER MAN

1922.....	\$ 1,177.06
1923.....	1,435.85
1924.....	1,405.80
1925.....	1,442.20
1926.....	1,455.45

GROSS SALES

1922.....	\$ 7,801,135.00
1923.....	10,943,424.00
1924.....	9,403,214.00
1925.....	10,417,965.00
1926.....	9,597,132.00

G U L F S T A T E S S T E E L C O M P A N Y

OUTPUT

The following figures show the comparative production of the different departments:

	1922	1923	1924	1925	1926
	Tons	Tons	Tons	Tons	Tons
COAL:					
Virginia.....	135,877	170,096	141,320	145,078	126,097
Altoona.....	96,384	130,923	129,433	127,226	115,126
Sayre.....	129,185	235,323	205,555	237,909	240,809
Total, Net Tons.....	361,446	536,342	476,308	510,213	482,032
COKE:					
Alabama City.....	124,458	194,775	197,270	187,222	185,710
ORE:					
Shannon, Gross Tons.....	124,916	159,591	246,200	227,889	170,419
PIG IRON:					
Alabama City, Gross Tons.....	86,481	90,131	116,665	116,174	97,285
STEEL:					
Ingots.....Gross Tons	149,697	200,917	164,959	211,153	201,810
Billets and Slabs.....Gross Tons	132,031	175,574	146,897	185,441	172,778
Wire Rods.....Gross Tons	87,990	110,421	83,530	94,316	76,371
Bars, Plain.....Net Tons	25,810	36,594	33,087	39,921	54,172
Bars, Twisted.....Net Tons	1,265	490			
Wire, Bright and Annealed.....Net Tons	99,123	119,617	91,579	105,381	87,679
Wire, Galvanized.....Net Tons	38,641	46,340	33,324	36,327	25,445
WIRE PRODUCTS:					
Wire, barbed (unpainted).....	231				
Wire, barbed (painted).....	231	158	144	83	106
Wire, barbed (galvanized).....	18,060	23,633	18,013	16,887	8,922
Fence, woven wire.....	12,534	12,992	7,901	9,998	9,250
Nails.....	51,497	61,705	44,799	50,352	41,932
Nails, galvanized.....	1,222	1,527	1,237	1,735	1,677
Nails, blued.....	383	787	496	629	343
Nails, Cement Coated.....	1,557	2,283	2,046	2,225	2,900
Staples.....	3,281	2,575	1,895	1,760	1,203
Bale Ties.....	1,114	1,098	2,723	3,281	2,306
Total, Net Tons.....	90,110	106,758	79,254	86,950	68,639
Grand Total Gross and Net Tons.....	1,321,968	1,777,550	1,669,073	1,800,987	1,622,340

G U L F S T A T E S S T E E L C O M P A N Y

The Company's operations during the year resulted in an ingot production of 201,810 tons.

Total shipments of steel products amounted to 184,682 tons, a decrease of 11,993 tons compared with the previous year.

The net income for the year after depreciation, taxes and reserves was \$799,792.73 as against \$1,036,777.84 for the previous year.

Regular cash dividends of 7 per cent on the First Preferred Stock and 5 per cent on the Common Stock were paid during the year.

The Fixed Assets on December 31, 1926 amounted to \$20,306,736.75, an increase of \$1,251,515.29 over the previous year; as against which the Net Current Assets at the close of the year amounted to \$3,295,903.57 a decrease of \$450,457.25.

Net earnings this year are lower than those of last year, due largely to increased competition resulting both from the establishment of new wire working mills by competitors and the more favorable prices at which foreign competitors are able to sell their products in South and Central America and even along the South Atlantic and Gulf coasts of the United States.

The area of our sales territory has been somewhat restricted by increased freight rates upon outgoing products throughout the southeastern territory. There is a possibility that the Coosa River will be open for navigation to Alabama City in the not far distant future, thus affording our plant the advantage of water transportation which is now so important a factor in the distribution of the products from the Pittsburgh and Birmingham districts. The management, in recognition of the shrinkage of territory available for sales of wire and wire products, has expanded its output of steel in other forms, particularly bars and shapes. Tonnage of these products has increased during the past year 14,251 tons.

For this purpose, as reported last year, a 12"-9" bar mill has been completed and put in operation. This development opens up a new field capable of expansion. There is an increasing demand for concrete reinforcing bars for the production of which this new mill is well adapted.

Various economies of operation are now in course of installation, including electrification of the Company's mines at Virginia and Sayre.

The extensive purchase of coal lands reported last year, has been further developed by verification of titles on approximately 42,000 acres additional which have been accepted.

The following capital improvements have been made during the year:

ALABAMA CITY STEEL PLANT

Steel coal bin and necessary trackage at By-
Product Ovens
Loading tank for toluol
2 slag disposal pits and drains at Blast Furnace
Gas meters at Rod Mill
Gas burner equipment on Wire Mill muffler
1 New shaper
New blocks on galvanizing frame for making
smaller diameter coils of wire
Wire Mill cleaning house rebuilt
Gas furnace for nail galvanizing
200' New main plant sewer extension
Extension to pattern warehouse
New stable for live stock

New 12"-9" Bar Mill and Warehouse. Put in
operation March 15, 1926
2 Perkins man coolers
Improvements to crop shear and runout table
from Bar Mill to billet yard
1 Grinding wheel
1 Milling machine
Concrete bar bending machinery
Locker rooms for employes at Bar Mill
1-24" lathe
Forced draft fan, Rod Mill boiler stokers
Centrifugal pump, Black Creek
20 Employes garages

G U L F S T A T E S S T E E L C O M P A N Y

VIRGINIA COAL MINES

1-350 HP Casey-Hedges Water Tube Boiler,
transferred from Bar Mill, Alabama City

SAYRE COAL MINES

Completed 205' air shaft and 100,000 cu. ft.
motor driven ventilating fan with concrete and
steel overcast and fan house
85' escapeway driven at faces of workings

ALTOONA COAL MINES

Tail Rope Haulage, together with necessary
ropes, sheaves, etc., at No. 1 Bains
1-125 HP boiler

SHANNON ORE MINE

2-car rotary dump with necessary changes in
yard tracks
6" air line, with receiver, from shaft landing to
working faces
1-100 GPM triplex, motor driven, high pressure
pump
Ash handling equipment

Mr. Charles A. Moffett retired from the presidency of the Company in November, 1926, the Chairman of the Board, Mr. James Bowron, assuming general executive duties. Mr. Leslie E. Geohegan, formerly General Manager, has been elected Vice-President and General Manager in charge of operations.

Messrs. Barrow, Wade, Guthrie & Company, Accountants and Auditors, again have audited the books and accounts of the Company, and their certificate accompanies the Balance Sheet.

The Directors acknowledge the loyal and efficient services of the various officers and employees.

By order of the Board of Directors.

JAMES BOWRON,

Chairman of the Board.

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1927

**FOURTEENTH
ANNUAL REPORT
OF
GULF STATES STEEL COMPANY
BIRMINGHAM, ALA.
□ □**

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**FOR THE FISCAL YEAR ENDING
DECEMBER 31, 1927**

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FOURTEENTH
ANNUAL REPORT
OF
GULF STATES STEEL COMPANY

EXECUTIVE AND GENERAL OFFICES: BROWN-MARX BUILDING
BIRMINGHAM, ALA.

NEW YORK OFFICE: 55 CEDAR STREET
NEW YORK CITY

GULF STATES STEEL COMPANY

DIRECTORS

JAMES BOWRON.....	BIRMINGHAM, ALA.
LEWIS L. CLARKE.....	NEW YORK, N. Y.
ALFRED A. COOK.....	NEW YORK, N. Y.
WM. H. COVERDALE.....	NEW YORK, N. Y.
N. G. HIGHAM.....	NEW YORK, N. Y.
EDWARD M. MCILVAIN.....	NEW YORK, N. Y.
JOHN W. PLATTEN.....	NEW YORK, N. Y.
HENRY V. POOR.....	NEW YORK, N. Y.
C. I. STRALEM.....	NEW YORK, N. Y.

EXECUTIVE COMMITTEE

JOHN W. PLATTEN, CHAIRMAN

JAMES BOWRON	WM. H. COVERDALE
ALFRED A. COOK	EDWARD M. MCILVAIN
HENRY V. POOR	

OFFICERS

JAMES BOWRON.....	CHAIRMAN OF THE BOARD
H. SANBORN SMITH.....	FIRST VICE-PRESIDENT
A. R. FORSYTH.....	VICE-PRESIDENT AND TREASURER
L. E. GEOHEGAN.....	VICE-PRESIDENT AND GENERAL MANAGER
P. R. OWENS.....	SECRETARY AND AUDITOR
C. V. ORR.....	ASSISTANT TREASURER
CALVERT BREWER.....	ASST. SEC'Y AND ASST. TREAS.
F. R. THOMPSON.....	ASSISTANT GENERAL MANAGER
C. C. BROWN.....	GENERAL SALES AGENT
B. F. TYLER.....	PURCHASING AGENT
C. E. BOWRON.....	CHIEF ENGINEER
H. H. KNIGHT.....	TRAFFIC MANAGER

CONSULTING ENGINEER

WM. H. COVERDALE.....	NEW YORK, N. Y.
-----------------------	-----------------

COUNSEL

LARKIN, RATHBONE & PERRY.....	NEW YORK, N. Y.
PERCY, BENNERS & BURR.....	BIRMINGHAM, ALA.
O. R. HOOD.....	GADSDEN, ALA.

TRANSFER AGENT

GUARANTY TRUST COMPANY OF NEW YORK
140 BROADWAY, NEW YORK, N. Y.

REGISTRAR

UNITED STATES MORTGAGE AND TRUST COMPANY
55 CEDAR STREET, NEW YORK, N. Y.

GULF STATES STEEL COMPANY

TO THE STOCKHOLDERS:

The Board of Directors herewith submits its Fourteenth Annual Report of operations for the Fiscal Year ending December 31, 1927, together with a Financial Statement and General Report on the condition of the property at the close of the year.

INCOME REPORT

The Net Operating Income for the year 1927 amounted to \$1,460,358.64, an increase of \$215,597.20 compared with the year 1926. After making provision for Depreciation and Taxes and all anticipated losses, the Net Profit carried to Surplus amounted to \$756,403.24.

COMPARATIVE STATEMENT OF EARNINGS AND DISPOSITION OF INCOME

	1927	1926	1925	1924	1923
Gross Profits.....	\$1,460,358.64	\$1,244,761.44	\$1,571,441.12	\$1,493,972.17	\$2,169,863.41
Deductions for Depreciation, Taxes and Other Reserves.....	703,955.40	444,968.71	534,663.28	514,656.71	593,342.17
Net Profits carried to Surplus.....	\$ 756,403.24	\$ 799,792.73	\$1,036,777.84	\$ 979,315.46	\$1,576,521.24

G U L F S T A T E S S T E E L C O M P A N Y

STATEMENT OF SURPLUS

For the Year Ending December 31, 1927

Balance December 31, 1926.....				\$ 3,155,975.18
Less:				
Dividends Paid:				
1st Preferred Stock, April 1, 1927.....	\$	35,000.00		
1st Preferred Stock, July 1, 1927.....		35,000.00		
1st Preferred Stock, October 1, 1927.....		35,000.00		
*1st Preferred Stock, January 3, 1928.....		35,000.00	\$ 140,000.00	
Common Stock, April 1, 1927.....		156,250.00		
Common Stock, July 1, 1927.....		156,250.00	312,500.00	452,500.00
				\$ 2,703,475.18
Net Income Year 1927.....				756,403.24
Balance December 31, 1927.....				\$ 3,459,878.42

*This amount remitted December 28, 1927, to the Guaranty Trust Company of New York, Transfer Agent, for distribution.

G U L F S T A T E S S T E E L C O M P A N Y

BALANCE SHEET As At December 31, 1927

ASSETS

FIXED ASSETS:

Works and Properties as at December 31, 1926—at original values at inception of Company plus net additions to date at cost.....	\$20,306,736.75	
Additions during year 1927—Net.....	586,986.51	
	<u>\$20,893,723.26</u>	
LESS—Reserves for Depreciation and Extinguishment.....	3,646,093.35	\$17,247,629.91

CURRENT ASSETS:

Cash.....	\$ 957,456.27	
U. S. Liberty Bonds (Par Value \$2,405,000.)—Cost.....	2,426,743.03	
Accounts Receivable.....	773,699.69	
Notes Receivable.....	181,074.51	
Inventories:		
Salable.....	\$ 1,011,693.84	
Convertible.....	1,160,121.48	
Consumable.....	497,519.60	
	<u>2,669,334.92</u>	<u>7,008,308.42</u>

INVESTMENTS:

510 Shares Gulf States Steel Company—Preferred.....	\$ 52,675.00	
510 Shares Gulf States Steel Company—Common.....	21,514.50	
(Purchased and held for Employees' Subscriptions)		
	<u>\$ 74,189.50</u>	
100 Shares Capital Stock Gulf States Steel Sales Company (\$100. Par Value).....	10,000.00	84,189.50

PREPAID EXPENSES.....		273,287.43
		<u>\$24,613,415.26</u>

G U L F S T A T E S S T E E L C O M P A N Y

BALANCE SHEET

As At December 31, 1927

LIABILITIES

CAPITAL STOCK:

First Preferred—7% Cumulative.....	\$ 3,000,000.00		
LESS—In Treasury.....	1,000,000.00	\$ 2,000,000.00	
Common.....		12,500,000.00	\$14,500,000.00

FUNDED DEBT:

Fifteen Year 5½% Sinking Fund Gold Debentures due June 1, 1942—Authorized \$6,000,000.—Outstanding.....	\$ 4,000,000.00		
LESS—Purchased for Sinking Fund.....	125,000.00		3,875,000.00

CURRENT LIABILITIES:

Accounts Payable.....	\$ 397,424.10		
Accrued Wages, Taxes and Interest.....	133,793.37		
Federal Income Tax for 1927—Estimated.....	128,752.09		659,969.56

RESERVES:

Replacements and Sundries.....	\$ 395,835.43		
Contingencies.....	143,049.48		538,884.91

SURPLUS:

Capital Surplus.....	\$ 1,579,682.37		
Earned Surplus:			
Balance—December 31, 1926.....	\$ 3,155,975.18		
LESS—Dividends.....	452,500.00		
	\$ 2,703,475.18		
Profit for year 1927.....	756,403.24	3,459,878.42	5,039,560.79
			\$24,613,415.26

G U L F S T A T E S S T E E L C O M P A N Y

We hereby certify that we have examined the books and records of the Gulf States Steel Company as at December 31, 1927 and, in our opinion, based on our examination and information submitted to us the foregoing Balance Sheet shows the financial condition of the Gulf States Steel Company as at that date.

(Signed) BARROW, WADE, GUTHRIE & CO.

Accountants and Auditors

New York, February 9, 1928.

G U L F S T A T E S S T E E L C O M P A N Y

INVENTORIES

Classification	1923	1924	1925	1926	1927
Salable.....	\$1,193,964.46	\$ 909,833.58	\$1,008,676.87	\$1,152,901.79	\$1,011,693.84
Convertible.....	853,293.06	1,120,076.99	1,012,150.55	904,492.17	1,160,121.48
Consumable.....	424,089.75	399,808.68	385,803.67	476,414.79	497,519.60
Total.....	\$2,471,347.27	\$2,429,719.25	\$2,406,631.09	\$2,533,808.75	\$2,669,334.92

AVERAGE NUMBER OF MEN EMPLOYED

	1923	1924	1925	1926	1927
Ore Mines.....	175	223	217	174	182
Coal Mines and Coke Ovens.....	771	804	767	718	766
Blast Furnaces.....	90	87	87	78	70
Steel and Wire Works.....	1776	1425	1601	1567	1368
Total.....	2812	2539	2672	2537	2386

TOTAL EXPENDED FOR LABOR

1923.....	\$ 4,037,617.45
1924.....	3,569,333.70
1925.....	3,853,562.25
1926.....	3,692,486.10
1927.....	3,696,205.14

AVERAGE EARNINGS PER MAN

1923.....	\$ 1,435.85
1924.....	1,405.80
1925.....	1,442.20
1926.....	1,455.45
1927.....	1,549.12

GROSS SALES

1923.....	\$10,943,424.00
1924.....	9,403,214.00
1925.....	10,417,965.00
1926.....	9,597,132.00
1927.....	9,733,395.00

G U L F S T A T E S S T E E L C O M P A N Y

OUTPUT

The following figures show the comparative production of the different departments:

	1923	1924	1925	1926	1927
COAL:	Tons	Tons	Tons	Tons	Tons
Virginia.....	170,096	141,320	145,078	126,097	126,470
Altoona.....	130,923	129,433	127,226	115,126	127,332
Sayre.....	235,323	205,555	237,909	240,809	248,935
Total, Net Tons.....	536,342	476,308	510,213	482,032	502,737
COKE:					
Alabama City, Net Tons.....	194,775	197,270	187,222	185,710	192,901
ORE:					
Shannon, Gross Tons.....	159,591	246,200	227,889	170,419	180,382
PIG IRON:					
Alabama City, Gross Tons.....	90,131	116,665	116,174	97,285	124,189
STEEL:					
Ingots.....Gross Tons	200,917	164,959	211,153	201,810	199,358
Billets and Slabs.....Gross Tons	175,574	146,897	185,441	172,778	174,972
Wire Rods.....Gross Tons	110,421	83,530	94,316	76,371	84,296
Bars, Plain.....Net Tons	36,594	33,087	39,921	54,172	51,690
Bars, Twisted.....Net Tons	490				
Wire, Bright and Annealed.....Net Tons	119,617	91,579	105,381	87,679	91,468
Wire, Galvanized.....Net Tons	46,340	33,324	36,327	25,445	32,210
WIRE PRODUCTS:					
Wire, barbed (painted).....	158	144	83	106	125
Wire, barbed (galvanized).....	23,633	18,013	16,887	8,922	8,454
Fence, woven wire.....	12,992	7,901	9,998	9,250	14,857
Nails.....	61,705	44,799	50,352	41,932	40,712
Nails, galvanized.....	1,527	1,237	1,735	1,677	1,420
Nails, blued.....	787	496	629	343	146
Nails, Cement Coated.....	2,283	2,046	2,225	2,900	3,234
Staples.....	2,575	1,895	1,760	1,203	1,419
Bale Ties.....	1,098	2,723	3,281	2,306	3,108
Total, Net Tons.....	106,758	79,254	86,950	68,639	73,475
Grand Total Gross and Net Tons.....	1,777,550	1,669,073	1,800,987	1,622,340	1,707,678

G U L F S T A T E S S T E E L C O M P A N Y

The Company's operations during the year resulted in an ingot production of 199,358 tons.

Total shipments of steel products amounted to 192,572 tons, an increase of 7,890 tons compared with the previous year.

The net income for the year after debenture interest, depreciation, taxes and reserves was \$756,403.24 as against \$799,792.73 for the previous year. The decrease in net income for the year as compared with 1926 is more than accounted for by the increased depreciation charge during 1927, the charge in this respect having been raised from \$300,000 to \$450,000 per annum.

The Fixed Assets on December 31, 1927, amounted to \$20,893,723.26, before Reserves for Depreciation and Extinguishment, an increase of \$586,986.51 over the previous year. Net Current Assets at the close of the year amounted to \$6,348,338.86 an increase of \$3,052,435.29.

Regular cash dividends of 7 per cent. on the First Preferred Stock and 2½ per cent. on the Common Stock were paid during the year. To conserve the resources of the Company in view of the large program of capital expenditures undertaken during the year, it was deemed prudent in September to omit the declaration of a dividend on the Common Stock.

Exceedingly keen competition has existed throughout the year, resulting in lower prices for manufactured goods notwithstanding which the Company has been able satisfactorily to maintain its position in the trade. Domestic shipments of wire products have held up well and a considerable tonnage has been exported. The tonnage of bars and shapes shipped to customers increased substantially during the year.

Due to the excess capacity of domestic producers, and to the intensive competition caused by the importation of foreign products manufactured under low wage conditions, your Company has found it necessary to effect such economies of operation as can only be attained by the complete modernization of all of its plants and processes. After careful investigation by prominent engineering firms, the necessary improvements, including construction of new power plant, electrification of various mills and mines, et cetera, have been undertaken, which it is expected will be completed during the year 1928. Funds for such expenditures have been provided in large part through the issuance of \$4,000,000 Fifteen-Year 5½% Debentures out of a total authorized issue of \$6,000,000.

Operations at the various mines have progressed satisfactorily during the year. The tonnage of ore produced at Shannon Mine has reached a total of 1,101,972 tons.

\$590,000 of Coal Land Purchase Notes outstanding on December 31, 1926, were paid off during the year out of the proceeds of the sale of the Debentures.

The relations of the Company towards its employes remain very satisfactory. Welfare work has continued at the plant and the mines, at the latter point considerable effort having been made towards better water supplies.

The following capital improvements have been made during the year:

ALABAMA CITY STEEL PLANT

BLAST FURNACE

- Constructed third slag pit.
- Installed complete gas cleaner, emergency pump and water meter.

BLOOMING MILL

- Centrifugal motor driven pump and circulating fan.

ROD MILL

- Motor-driven gas compressor.

BAR MILL

- 5 repeaters.
- Cut-off valves on gas mains, pyrometers and clam-shell bucket.
- 11-60 cycle motors, with necessary controls.

BAR MILL WAREHOUSE

- 60 ft. extension of gantry crane, necessary racks and bending machine.
- 1 complete set of rolls for channels and "I" beams.

ELECTRICAL DEPARTMENT

- Coil winding machine with necessary ovens for drying armatures.

GENERAL

- Steel and concrete building with equipment for reclaiming waste.
- Steel and concrete building with necessary racks for pipe storage.

G U L F S T A T E S S T E E L C O M P A N Y

WIRE MILL

Additional pot annealing with necessary buildings, gas burners, etc.
Rebuilt No. 2 galvanizing unit.
Furnace for tempering steel.
Complete equipment for manufacture of metal barb wire spools.
Scales, ventilating fans, tractor, together with 16 additional wire blocks.

ALTOONA COAL MINES

Frigidaire ice machine and appurtenances for commissary.
Complete sanitary system and partial wiring of employes' houses.
25 new mine cars.

SAYRE COAL MINES

1 Diester coal washing table.
20-4-room houses.
Complete machine shop equipment.
1 complete domestic water supply system, filters, chlorinators, concrete and steel buildings, concrete reservoir, together with necessary pipe lines, pumps, etc.
Complete sanitary system.
Complete electrification of mine, including motor generators, switchboard, transmission lines, motorizing steam driven units.
Concrete settling tank and steel elevator for washer.

MECHANICAL DEPARTMENT

1 complete change house.
6 modern, heavy duty tools, motor driven with necessary connections.

BY-PRODUCT DEPARTMENT

Frigidaire equipment for drinking water and laboratory work.

VIRGINIA COAL MINES

1 brick, steel and concrete hoist engine room with 600 H. P. electric hoist.
1 motor for driving main ventilating fan.
Automatic switchboard, together with meters, small motors, etc., for complete electrification of mine, discarding use of steam.
Complete woodworking and machine shop.
Necessary transmission lines and switchboard for escapeway.
6" well, pumps, etc., for camp water supply, together with complete sanitary system.
450 feet of rock tunnel for escapeway and successful completion of driving through fault, making available large tonnage of coal to be handled through main slope.
1 rock dust storage house.
20 new mine cars.

SHANNON ORE MINE

60 all-steel roller bearing mine cars.
Electrically operated Lilly controller on main hoist.
Complete sanitary system.

The usual policy of maintaining mines and plant at a high standard of efficiency has obtained throughout the year.

Messrs. Barrow, Wade, Guthrie & Company, Accountants and Auditors, again have audited the books and accounts of the Company, and their certificate accompanies the Balance Sheet. Certain changes have been made in the Balance Sheet from the form used in previous years.

These changes are:

1. The Reserve for Depreciation has been transferred from the Liability side to the Asset side and deducted from the gross value of the Fixed Assets so that this item now shows net value in accordance with the form prescribed by the Bureau of Internal Revenue in reports for Income Tax purposes;
2. Investments in capital stock are itemized and appear on the Asset side;
3. The "Special Reserve against Property" has been transferred from Reserves to Surplus on the Liability side and identified by the term "Capital Surplus" as distinct from "Earned Surplus," shown separately.

The Directors acknowledge the loyal and efficient services of the various officers and employes.
By order of the Board of Directors.

JAMES BOWRON,
Chairman of the Board.

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FIFTEENTH
ANNUAL REPORT
OF
GULF STATES STEEL COMPANY
BIRMINGHAM, ALA.
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FOR THE FISCAL YEAR ENDING
DECEMBER 31, 1928

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FIFTEENTH
ANNUAL REPORT
OF
GULF STATES STEEL COMPANY

EXECUTIVE AND GENERAL OFFICES: BROWN-MARX BUILDING
BIRMINGHAM, ALA.

NEW YORK OFFICE: 52 WALL STREET
NEW YORK CITY

GULF STATES STEEL COMPANY

DIRECTORS

LEWIS L. CLARKE	NEW YORK, N. Y.
ALFRED A. COOK	NEW YORK, N. Y.
WM. H. COVERDALE	NEW YORK, N. Y.
L. E. GEOHEGAN	BIRMINGHAM, ALA.
N. G. HIGHAM	NEW YORK, N. Y.
EDWARD M. MCILVAIN	NEW YORK, N. Y.
JOHN W. PLATTEN	NEW YORK, N. Y.
HENRY V. POOR	NEW YORK, N. Y.
C. I. STRALEM	NEW YORK, N. Y.

EXECUTIVE COMMITTEE

JOHN W. PLATTEN

ALFRED A. COOK EDWARD M. MCILVAIN

WM. H. COVERDALE C. I. STRALEM

HENRY V. POOR

OFFICERS

JOHN W. PLATTEN	CHAIRMAN OF THE BOARD
WM. H. COVERDALE	PRESIDENT
H. SANBORN SMITH	FIRST VICE-PRESIDENT
A. R. FORSYTH	VICE-PRESIDENT AND TREASURER
L. E. GEOHEGAN	VICE-PRESIDENT AND GENERAL MANAGER
P. R. OWENS	SECRETARY AND AUDITOR
C. V. ORR	ASSISTANT TREASURER
CALVERT BREWER	ASST. SEC'Y AND ASST. TREAS.
F. R. THOMPSON	ASSISTANT GENERAL MANAGER
C. C. BROWN	GENERAL SALES AGENT
B. F. TYLER	PURCHASING AGENT
C. E. BOWRON	CHIEF ENGINEER
H. H. KNIGHT	TRAFFIC MANAGER

CONSULTING ENGINEER

GEO. W. BURPEE	NEW YORK, N. Y.
----------------	-----------------

COUNSEL

LARKIN, RATHBONE & PERRY	NEW YORK, N. Y.
PERCY, BENNERS & BURR	BIRMINGHAM, ALA.
O. R. HOOD	GADSDEN, ALA.

TRANSFER AGENT

GUARANTY TRUST COMPANY OF NEW YORK
140 BROADWAY, NEW YORK, N. Y.

REGISTRAR

UNITED STATES MORTGAGE AND TRUST COMPANY
55 CEDAR STREET, NEW YORK, N. Y.

GULF STATES STEEL COMPANY

TO THE STOCKHOLDERS:

The Board of Directors herewith submits its Fifteenth Annual Report of operations for the Fiscal Year ending December 31, 1928, together with a Financial Statement and General Report on the condition of the property at the close of the year.

INCOME REPORT

The Net Operating Income for the year 1928 amounted to \$1,727,565.39, an increase of \$267,-206.75 compared with the year 1927. After making provision for Depreciation and Taxes and all anticipated losses, the Net Profit carried to Surplus amounted to \$924,745.33.

INCOME ACCOUNT

	1928	1927
Gross Income.....	\$ 9,494,022.19	\$ 9,636,535.85
Cost of Operations.....	7,766,456.80	8,176,177.21
Net earnings from operations, etc.....	\$ 1,727,565.39	\$ 1,460,358.64
Deductions:		
Federal Taxes.....	\$122,642.49	\$128,752.09
Interest Accrued on Debentures.....	212,160.55	116,043.72
Amortization of Debenture discount.....	18,017.02	9,159.59
Depreciation	450,000.00	450,000.00
	802,820.06	703,955.40
Net profit.....	\$ 924,745.33	\$ 756,403.24

EARNINGS PER SHARE

	1928	1927	1926	1925	1924
Preferred.....	\$46.24	\$37.82	\$39.99	\$51.84	\$48.96
Common.....	6.28	4.93	5.28	7.17	7.48

G U L F S T A T E S S T E E L C O M P A N Y

STATEMENT OF SURPLUS

For the Year Ending December 31, 1928

EARNED SURPLUS:

Balance December 31, 1927.....\$ 3,459,878.42

Less:

Dividends Paid:

1st Preferred Stock, April 2, 1928.....\$ 35,000.00

1st Preferred Stock, July 2, 1928.....35,000.00

1st Preferred Stock, October 1, 1928.....35,000.00

*1st Preferred Stock, January 2, 1929.....35,000.00 \$ 140,000.00

*Common Stock, January 2, 1929.....125,000.00 265,000.00

\$ 3,194,878.42

Net Income Year 1928.....924,745.33

Balance December 31, 1928.....\$ 4,119,623.75

CAPITAL SURPLUS.....1,579,682.37

\$ 5,699,306.12

*These amounts remitted December 27, 1928, to the Guaranty Trust Company of New York, Transfer Agent, for distribution.

G U L F S T A T E S S T E E L C O M P A N Y

BALANCE SHEET As At December 31, 1928

ASSETS

FIXED ASSETS:

Works and Properties as at December 31, 1927—at original values at inception of Company plus net additions to date at cost.....

\$20,893,723.26

Additions during year 1928—Net.....

2,515,507.05

\$23,409,230.31

LESS—Reserves for Depreciation and Depletion.....

3,906,150.67 \$19,503,079.64

CURRENT ASSETS:

Cash

\$ 396,916.98

Call Loans on Collateral.....

600,000.00

U. S. Liberty Bonds (Par Value \$300,000)—Cost.....

309,458.50

Accounts Receivable.....

1,136,152.52

Notes Receivable.....

102,104.55

Inventories (Valued at Cost):

 Salable\$ 939,286.05

 Convertible 1,461,693.79

 Consumable 610,364.30

3,011,344.14 5,555,976.69

INVESTMENTS:

385 Shares Gulf States Steel Company—Preferred.....

\$ 36,832.50

385 Shares Gulf States Steel Company—Common.....

15,264.50

(Purchased and held for Employees' Subscriptions)

\$ 52,097.00

100 Shares Capital Stock Gulf States Steel Sales Company (\$100.00 Par Value).....

10,000.00 62,097.00

PREPAID EXPENSES.....

261,718.95

\$25,382,872.28

G U L F S T A T E S S T E E L C O M P A N Y

BALANCE SHEET

As At December 31, 1928

CAPITAL STOCK:		LIABILITIES	
First Preferred—7% Cumulative	\$ 3,000,000.00		
LESS—In Treasury	1,000,000.00	\$ 2,000,000.00	
Common		12,500,000.00	\$14,500,000.00
FUNDED DEBT:			
Fifteen Year 5½% Sinking Fund Gold Debentures due June 1, 1942—Authorized \$6,000,000.—Outstanding	\$ 3,875,000.00		
LESS—Purchased for Sinking Fund	62,500.00		3,812,500.00
CURRENT LIABILITIES:			
Accounts Payable	\$ 572,381.80		
Accrued Wages, Taxes and Interest	158,265.06		
Federal Income Tax for 1928—Estimated	122,642.49		853,289.35
RESERVES:			
Replacements and Sundries	\$ 301,273.10		
Contingencies	216,503.71		517,776.81
SURPLUS:			
Capital Surplus	\$ 1,579,682.37		
Earned Surplus:			
Balance—December 31, 1927	\$ 3,459,878.42		
LESS—Dividends	265,000.00		
	\$ 3,194,878.42		
Profit for year 1928	924,745.33	4,119,623.75	5,699,306.12
			\$25,382,872.28

G U L F S T A T E S S T E E L C O M P A N Y

We hereby certify that we have examined the books and records of the Gulf States Steel Company as at December 31, 1928, and, in our opinion, based on our examination and information submitted to us the foregoing Balance Sheet shows the financial condition of the Gulf States Steel Company as at that date.

(Signed) BARROW, WADE, GUTHRIE & CO.

Accountants and Auditors.

New York, January 31, 1929

G U L F S T A T E S S T E E L C O M P A N Y

INVENTORIES

(Valued at Cost)

Classification:	1928	1927	1926	1925	1924
Salable	\$ 939,286.05	\$1,011,693.84	\$1,152,901.79	\$1,008,676.87	\$ 909,833.58
Convertible	1,461,693.79	1,160,121.48	904,492.17	1,012,150.55	1,120,076.99
Consumable	610,364.30	497,519.60	476,414.79	385,803.67	399,808.68
Total	\$3,011,344.14	\$2,669,334.92	\$2,533,808.75	\$2,406,631.09	\$2,429,719.25

AVERAGE NUMBER OF MEN EMPLOYED

	1928	1927	1926	1925	1924
Ore Mines	164	182	174	217	223
Coal Mines and Coke Ovens	761	766	718	767	804
Blast Furnaces	69	70	78	87	87
Steel and Wire Works	1445	1368	1567	1601	1425
Total	2439	2386	2537	2672	2539

TOTAL EXPENDED FOR LABOR

1928	\$ 3,779,457.05
1927	3,696,205.14
1926	3,692,486.10
1925	3,853,562.25
1924	3,569,333.70

AVERAGE EARNINGS PER MAN

1928	\$ 1,549.59
1927	1,549.12
1926	1,455.45
1925	1,442.20
1924	1,405.80

GROSS SALES

1928	\$ 9,609,022.00
1927	9,733,395.00
1926	9,597,132.00
1925	10,417,965.00
1924	9,403,214.00

G U L F S T A T E S S T E E L C O M P A N Y

OUTPUT

The following figures show the comparative production of the different departments:

	1928	1927	1926	1925	1924
COAL:	Tons	Tons	Tons	Tons	Tons
Virginia.....	120,404	126,470	126,097	145,078	141,320
Altoona.....	114,188	127,332	115,126	127,226	129,433
Sayre.....	218,688	248,935	240,809	237,909	205,555
Total, Net Tons.....	453,280	502,737	482,032	510,213	476,308
COKE:					
Alabama City, Net Tons.....	180,883	192,901	185,710	187,222	197,270
ORE:					
Shannon, Gross Tons.....	155,203	180,382	170,419	227,889	246,200
PIG IRON:					
Alabama City, Gross Tons.....	113,852	124,189	97,285	116,174	116,665
STEEL:					
Ingots.....Gross Tons	200,209	199,358	201,810	211,153	164,959
Billets and Slabs.....Gross Tons	174,772	174,972	172,778	185,441	146,897
Wire Rods.....Gross Tons	86,626	84,296	76,371	94,316	83,530
Bars, Plain.....Net Tons	43,429	51,690	54,172	39,921	33,087
Bars, Shapes.....Net Tons	9,238				
Wire, Bright and Annealed.....Net Tons	95,449	91,468	87,679	105,381	91,579
Wire, Galvanized.....Net Tons	35,603	32,210	25,445	36,327	33,324
WIRE PRODUCTS:					
Wire, barbed (painted).....	92	125	106	83	144
Wire, barbed (galvanized).....	16,067	8,454	8,922	16,887	18,013
Fence, woven wire.....	11,886	14,857	9,250	9,998	7,901
Nails.....	40,008	40,712	41,932	50,352	44,799
Nails, galvanized.....	1,604	1,420	1,677	1,735	1,237
Nails, blued.....	191	146	343	629	496
Nails, Cement Coated.....	3,386	3,234	2,900	2,225	2,046
Staples.....	1,868	1,419	1,203	1,760	1,895
Bale Ties.....	3,000	3,108	2,306	3,281	2,723
Total, Net Tons.....	78,102	73,475	68,639	86,950	79,254
Grand Total Gross and Net Tons.....	1,626,646	1,707,678	1,622,340	1,800,987	1,669,073

G U L F S T A T E S S T E E L C O M P A N Y

The Company's operations during the year resulted in an ingot production of 200,209 tons, an increase of 851 tons over the previous year. Total shipments of steel products amounted to 184,127 tons, 8,445 tons less than the previous year.

The net income for the year after debenture interest, depreciation, depletion, taxes (including Federal Income Tax) and reserves was \$924,745.33, an increase of \$168,342.09 over the previous year.

The fixed assets on December 31, 1928, amounted to \$23,409,230.31 before reserves for depreciation and depletion, an increase of \$2,515,507.05 over the previous year. Net current assets on December 31, 1928, amounted to \$4,702,687.34, a decrease of \$1,645,651.52.

Regular cash dividends of 7 per cent on the First Preferred Stock were paid during the year, and a dividend of 1 per cent on the Common Stock was declared on October 25, 1928, payable on January 2, 1929, to stockholders of record on December 15, 1928.

Severe competition existed throughout the year and prices received for your Company's products averaged fully one dollar per ton under those of the previous year. Southern trade territory was disturbed in certain sections by floods and the building trades were less active. Notwithstanding these adverse trade conditions, domestic shipments of wire products and billets were fully maintained; bars increased, while pig iron declined.

Improvements undertaken at date of last report, consisting of new blast furnace and power plant, electrification of rod mill, ore mine and coal mines, and miscellaneous betterments at other mills, furnaces and warehouses, were completed and put into satisfactory operation during the last few weeks of 1928.

The sale of stock to employes under an installment plan was instituted during the year and over one hundred employes are now stockholders. The relations of the Company and its employes remain satisfactory and welfare work at various points is in progress.

The following capital improvements have been made during the year:

ALABAMA CITY STEEL PLANT

BLAST FURNACE

- New furnace shell, changing lines of furnace, new downcomers and dustcatcher.
- Recording scale on larry car.

ROD MILL

- Dismantled 3 engines on main drive of approximately 6000 H.P.
- Installed 6 motors, with necessary gear drives, replacing 3 steam engines.
- Frigidaire water cooler.
- Motor driven transfer for rods.

NEW BAR MILL

- Repeaters for full range of sizes, with exception of shapes.
- 1200 KVA synchronous condenser and switch-board.
- Permanent racks for warehouse.
- Necessary rolls for producing channels and wide flats.
- 80-foot extension to main mill building.

OPEN HEARTH

- Blaw-Knox dolomite machine.

BLOOMING MILL

- Man cooling fan.
- Frigidaire water cooler.

WIRE MILL

- 12 wire blocks.
- Carburizing furnace.
- 1 24x12 heavy duty lathe.
- 1 16x10 heavy duty engine lathe.
- 1 5-foot radial drill.
- 1 7-inch metal cutting saw.
- Complete equipment for manufacturing wire spools.
- Paper and burlap wrapping machine.
- Wire straightening machine.
- 2 450 H.P., A.C. motors, with necessary gear drives, replacing D.C. equipment.
- Clark gasoline tractor.
- 10-foot addition to building, housing heat treating department.
- Frigidaire water cooler.

G U L F S T A T E S S T E E L C O M P A N Y

MACHINE SHOP

- 1 automatic gear cutter.
- 1 2-inch pipe machine.
- 2 steel fireproof cabinets for storage of blue-prints.
- 3 Frigidaire water coolers.
- 1 brick cleaning and reclaiming machine.

LABORATORY

- 1 testing machine.

GENERAL

Railroad tracks extended approximately one mile.
Several additional transmission lines erected.
15 garages for employes.
1 complete blue printing machine.
Installed a number of safety devices in each department.

ALTOONA COAL MINES

Extension to tail rope haulage.
Dam for impounding boiler water supply.

SAYRE COAL MINES

Brick, concrete and steel electric repair shop.
38x54 brick and steel supply house with steel shelving.
1 10x15 brick and concrete oil storage house with necessary pumps and tanks.
12 garages for employes.
Steel conveyor for washer refuse.
1 6-ton electric locomotive.
1 Frigidaire water cooler.
Dismantled old boiler plant.

NEW POWER HOUSE

New modern power house adjacent to blast furnace, to utilize surplus blast furnace gas, pulverized fuel being used as auxiliary, consisting of 4 900 H.P. boilers, 400 pounds pressure, 200 degrees superheat, together with necessary regulators, superheaters, condensers and evaporators.

Complete unit for pulverized fuel.

- 2 60,000 cu. ft. per minute turbo-blowers for blowing furnace.
- 2 5,000 K.W. generators connected to 2 2,500 K.W. old generators removed from old power house, with necessary condensers, switchboards, etc.
- 1 1,750,000 gallon concrete reservoir.
- 1 7,500 G.P.M. centrifugal pump at Wills Creek.

Necessary additions to pump station.

- 1 6,000-foot 36-inch diameter cast iron water line.

SHANNON ORE MINE

Concrete, brick and steel office building with necessary equipment.
1 200-gallon centrifugal pump.
1 6-ton electric locomotive.

VIRGINIA COAL MINES

22x22 brick and concrete doctor's office with equipment.
Concrete and steel colored bath house.
300 H.P. gas engine for auxiliary drive for ventilating fan.
2-inch centrifugal pump for fire protection.
Frigidaire water cooler.
3-inch centrifugal pump for air shaft.
Remodeled main haulage slope.

The usual policy of maintaining mines and plant at a high standard of efficiency has obtained throughout the year.

Messrs. Barrow, Wade, Guthrie & Company, accountants and auditors, have audited the books and accounts of the company, and their certificate accompanies the balance sheet.

The Directors acknowledge the loyal and efficient services of the various officers and employes.

By order of the Board of Directors,

WILLIAM H. COVERDALE,
President.

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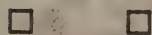
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1929

**SIXTEENTH
ANNUAL REPORT**

OF

**GULF STATES STEEL COMPANY
BIRMINGHAM, ALA.**



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**FOR THE FISCAL YEAR ENDING
DECEMBER 31, 1929**

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UNIVERSITY OF ILLINOIS.

**SIXTEENTH
ANNUAL REPORT
OF
GULF STATES STEEL COMPANY**

**EXECUTIVE AND GENERAL OFFICES: BROWN-MARK BUILDING
BIRMINGHAM, ALA.**

**NEW YORK OFFICE:
52 WALL STREET (120 WALL STREET AFTER APRIL 15, 1930)
NEW YORK CITY**

GULF STATES STEEL COMPANY

DIRECTORS

LEWIS L. CLARKE	NEW YORK, N. Y.
ALFRED A. COOK	NEW YORK, N. Y.
WM. H. COVERDALE	NEW YORK, N. Y.
L. E. GEOHEGAN	BIRMINGHAM, ALA.
R. A. MITCHELL	BIRMINGHAM, ALA.
EDWARD M. McILVAIN	NEW YORK, N. Y.
JOHN W. PLATTEN	NEW YORK, N. Y.
HENRY V. POOR	NEW YORK, N. Y.
C. I. STRALEM	NEW YORK, N. Y.

EXECUTIVE COMMITTEE

JOHN W. PLATTEN	
ALFRED A. COOK	EDWARD M. McILVAIN
WM. H. COVERDALE	C. I. STRALEM
HENRY V. POOR	

OFFICERS

JOHN W. PLATTEN	CHAIRMAN OF THE BOARD
WM. H. COVERDALE	PRESIDENT
H. SANBORN SMITH	ASS'T TO THE PRESIDENT
A. R. FORSYTH	VICE-PRESIDENT AND TREASURER
L. E. GEOHEGAN	VICE-PRESIDENT AND GENERAL MANAGER
P. R. OWENS	SECRETARY AND AUDITOR
C. V. ORR	ASS'T SEC'Y AND ASS'T TREAS.
H. R. CAMPBELL	ASS'T SEC'Y AND ASS'T TREAS.
F. R. THOMPSON	ASSISTANT GENERAL MANAGER
R. P. DAGGITT	SALES MANAGER
C. C. BROWN	ASS'T SALES MANAGER
B. F. TYLER	PURCHASING AGENT
C. E. BOWRON	CHIEF ENGINEER
H. H. KNIGHT	TRAFFIC MANAGER
W. J. CALIFF	ASS'T TRAFFIC MANAGER

CONSULTING ENGINEER

GEO. W. BURPEE	NEW YORK, N. Y.
----------------	-----------------

COUNSEL

LARKIN, RATHBONE & PERRY	NEW YORK, N. Y.
BENNETT, BURR, McKAMY & FORMAN	BIRMINGHAM, ALA.
O. R. HOOD	GADSDEN, ALA.

TRANSFER AGENT

GUARANTY TRUST COMPANY OF NEW YORK
140 BROADWAY, NEW YORK, N. Y.

REGISTRAR

CHEMICAL BANK & TRUST COMPANY
55 CEDAR STREET, NEW YORK, N. Y.

GULF STATES STEEL COMPANY

TO THE STOCKHOLDERS:

The Board of Directors herewith submits its Sixteenth Annual Report of operations for the Fiscal Year ending December 31, 1929, together with a Financial Statement and General Report on the condition of the property at the close of the year.

INCOME REPORT

The Net Operating Income for the year 1929 amounted to \$2,322,502.00, an increase of \$594,936.61 compared with the year 1928. After making provision for Depreciation and Taxes and all anticipated losses, the Net Profit carried to Surplus amounted to \$1,310,301.56.

INCOME ACCOUNT

	1929	1928
Gross Income.....	\$11,164,950.49	\$ 9,494,022.19
Cost of Operations.....	8,842,448.49	7,766,456.80
Net earnings from operations, etc.....	<u>\$ 2,322,502.00</u>	<u>\$ 1,727,565.39</u>
Deductions:		
Federal Taxes.....	\$183,723.59	\$122,642.49
Interest Accrued on Debentures.....	207,989.73	212,160.55
Amortization of Debenture discount	20,487.12	18,017.02
Depreciation	600,000.00	450,000.00
	<u>1,012,200.44</u>	<u>802,820.06</u>
Net Profit.....	<u>\$1,310,301.56</u>	<u>\$ 924,745.33</u>

EARNINGS PER SHARE

	1929	1928	1927	1926	1925
Preferred	\$65.52	\$46.24	\$37.82	\$39.99	\$51.84
Common	5.93	6.28	4.93	5.28	7.17

G U L F S T A T E S S T E E L C O M P A N Y

STATEMENT OF SURPLUS

For the Year Ending December 31, 1929

EARNED SURPLUS:

Balance December 31, 1928.....\$ 4,119,623.75

Less:

Dividends Paid:

1st Preferred Stock, April 1, 1929.....	\$ 35,000.00		
1st Preferred Stock, July 1, 1929.....	35,000.00		
1st Preferred Stock, October 1, 1929.....	35,000.00		
*1st Preferred Stock, January 2, 1930.....	35,000.00	\$140,000.00	
Common Stock, April 1, 1929.....	\$125,000.00		
Common Stock, July 1, 1929.....	190,111.00		
Common Stock, October 1, 1929.....	192,585.00		
*Common Stock, January 2, 1930.....	197,500.00	705,196.00	845,196.00
			\$ 3,274,427.75
Net Income Year 1929.....			1,310,301.56
Dividends on Fractional shares returned to Treasury			13,074.90
			\$ 4,597,804.21

CAPITAL SURPLUS:

Balance December 31, 1928.....\$1,579,682.37

Less:

Additional Stock Underwriting and Expense.....	285,095.44		
			\$ 1,294,586.93
			\$ 5,892,391.14

*These amounts remitted December 27, 1929, to the Guaranty Trust Company of New York, Transfer Agent, for distribution.

G U L F S T A T E S S T E E L C O M P A N Y

BALANCE SHEET

December 31, 1929

ASSETS

FIXED ASSETS:

Works and Properties as at December 31, 1928, at original values at inception of Company, plus NET additions to that date at cost.....	\$23,409,230.31	
Additions during year 1929.....	1,372,594.45	
	<u>\$24,781,824.76</u>	

DEDUCT:

Estimated cost of property dismantled, charged against Reserve for Depreciation.....	1,327,912.00	
--	--------------	--

\$23,453,912.76

LESS: Reserve for Depreciation and Extinguishment.....	3,213,806.45	\$20,240,106.31
--	--------------	-----------------

CURRENT ASSETS:

Cash.....	\$ 555,490.63	
Call Loans on Collateral.....	3,500,000.00	
U. S. Liberty Bonds (Par Value \$300,000).....	307,400.50	
Gulf States Steel Co. Debentures (Par value \$100,000)—Cost.....	96,476.25	
Notes Receivable.....	107,328.92	
Accounts Receivable.....	1,045,772.07	
Inventories (At cost):		
Salable.....	\$1,596,320.83	
Convertible.....	1,639,122.96	
Consumable.....	963,679.81	
	<u>4,199,123.60</u>	<u>9,811,591.97</u>

INVESTMENTS:

Gulf States Steel Co., Preferred, 244 Shares.....	\$ 20,193.25	
Gulf States Steel Co., Common, 1,000 Shares.....	44,966.03	
(Purchased and Held for Employes' Subscriptions)		
Gulf States Steel Sales Co.—Capital Stock—100 Shares of \$100.00 Par Value.....	10,000.00	
Tennessee, Alabama & Georgia Railroad Syndicate Subscription.....	37,500.00	112,659.28

SINKING FUND.....

62,500.00

PREPAID EXPENSES.....

230,169.10

\$30,457,026.66

G U L F S T A T E S S T E E L C O M P A N Y

BALANCE SHEET

December 31, 1929

LIABILITIES

CAPITAL STOCK:

First Preferred—7% Cumulative.....	\$ 3,000,000.00	
Less—In Treasury.....	1,000,000.00	
	<u>\$ 2,000,000.00</u>	
Common—Without Nominal or Par Value— Outstanding 197,500 Shares.....	16,850,000.00	\$ 18,850,000.00

FUNDED DEBT:

Fifteen-Year 5½% Sinking Fund Gold Debentures due June 1, 1942:		
Authorized \$6,000,000.00—Outstanding.....		3,750,000.00

CURRENT LIABILITIES:

Accounts Payable.....	\$ 952,801.16	
Accrued Wages, Taxes and Interest.....	132,103.84	
Federal Income Taxes for 1929—Estimated.....	183,723.59	1,268,628.59

RESERVES:

Replacements and Sundries.....	\$ 484,636.98	
Contingencies.....	211,369.95	696,006.93

SURPLUS:

Capital Surplus.....	\$ 1,294,586.93	
Earned Surplus:		
Balance—December 31, 1928.....	\$ 4,119,623.75	
Less—Dividends.....	845,196.00	
	<u>\$ 3,274,427.75</u>	
Profit for 1929.....	1,310,301.56	
Dividends on Fractional Shares returned to Treasury.....	13,074.90	4,597,804.21
		<u>5,892,391.14</u>
		\$30,457,026.66

NOTES:

Contingent Liabilities—Bills Discounted \$19,622.86 (Foreign Shipments)
Commitments under Construction Program in progress estimated at \$1,700,000.00

G U L F S T A T E S S T E E L C O M P A N Y

We hereby certify that we have examined the books and records of the Gulf States Steel Company as at December 31, 1929, and, in our opinion, based on our examination and information submitted to us the foregoing Balance Sheet shows the financial condition of the Gulf States Steel Company as at that date.

(Signed) BARROW, WADE, GUTHRIE & CO.

Accountants and Auditors.

New York, February 5, 1930.

G U L F S T A T E S S T E E L C O M P A N Y

INVENTORIES (Valued at Cost)

Classification:	1929	1928	1927	1926	1925
Salable	\$1,596,320.83	\$ 939,286.05	\$1,011,693.84	\$1,152,901.79	\$1,008,676.87
Convertible	1,639,122.96	1,461,693.79	1,160,121.48	904,492.17	1,012,150.55
Consumable	963,679.81	610,364.30	497,519.60	476,414.79	385,803.67
Total	\$4,199,123.60	\$3,011,344.14	\$2,669,334.92	\$2,533,808.75	\$2,406,631.09

AVERAGE NUMBER OF MEN EMPLOYED

	1929	1928	1927	1926	1925
Ore Mines	181	162	182	174	217
Coal Mines and Coke Ovens	661	761	766	718	767
Blast Furnaces	53	69	70	78	87
Steel and Wire Works	1611	1445	1368	1567	1601
Total	2506	2439	2386	2537	2672

TOTAL EXPENDED FOR LABOR

1929	\$ 4,005,440.03
1928	3,779,457.05
1927	3,696,205.14
1926	3,692,486.10
1925	3,853,562.25

AVERAGE EARNINGS PER MAN

1929	\$ 1,598.34
1928	1,549.59
1927	1,549.12
1926	1,455.45
1925	1,442.20

GROSS SALES

1929	\$11,278,133.00
1928	9,609,022.00
1927	9,733,395.00
1926	9,597,132.00
1925	10,417,965.00

G U L F S T A T E S S T E E L C O M P A N Y

OUTPUT

The following figures show the comparative production of the different departments:

	1929	1928	1927	1926	1925
COAL:	Tons	Tons	Tons	Tons	Tons
Sayre.....	126,748	120,404	126,470	126,097	145,078
Altoona.....	115,233	114,188	127,332	115,126	127,226
Virginia.....	191,598	218,688	148,935	240,809	237,909
Total, Net Tons.....	433,579	453,280	502,737	482,032	510,213
COKE:					
Alabama City, Net Tons.....	195,434	180,883	192,901	185,710	187,222
ORE:					
Shannon, Gross Tons.....	240,327	155,203	180,382	170,419	227,889
PIG IRON:					
Alabama City, Gross Tons.....	179,699	113,852	124,189	97,285	116,174
STEEL:					
Ingot.....Gross Tons	263,820	200,209	199,358	201,810	211,153
Billets and Slabs.....Gross Tons	228,519	174,772	174,972	172,778	185,441
Wire Rods.....Gross Tons	86,149	86,626	84,296	76,371	94,316
Bars, Plain.....Net Tons	83,297	43,429	51,690	54,172	39,921
Bars, Shapes.....Net Tons	15,744	9,238			
Wire, Bright and Annealed.....Net Tons	94,510	95,449	91,468	87,679	105,381
Wire, Galvanized.....Net Tons	36,695	35,603	32,210	25,445	36,327
WIRE PRODUCTS:					
Wire, Barbed (painted).....	73	92	125	106	83
Wire, Barbed (galvanized).....	18,013	16,067	8,454	8,922	16,887
Fence, Woven Wire.....	10,159	11,886	14,857	9,250	9,998
Nails.....	36,305	40,008	40,712	41,932	50,352
Nails, Galvanized.....	1,399	1,604	1,420	1,677	1,735
Nails, Blued.....	302	191	146	343	629
Nails, Cement Coated.....	4,101	3,386	3,234	2,900	2,225
Staples.....	1,857	1,868	1,419	1,203	1,760
Bale Ties.....	3,454	3,000	3,108	2,306	3,281
Total, Net Tons.....	75,663	78,102	73,475	68,639	86,950
Grand Total Gross and Net Tons.....	1,933,436	1,626,646	1,707,678	1,622,340	1,800,987

G U L F S T A T E S S T E E L C O M P A N Y

The Company's operations during the year resulted in an ingot production of 263,820 tons, an increase of 63,611 over the previous year. Total shipments of steel products amounted to 205,247 tons, 21,120 tons increase over previous year. While the sales do not show an increase proportionate to ingot production, this is due to building up inventories of semi-finished material to insure operations of the finishing mills during the erection of the new Blooming Mill.

The net income for the year after debenture interest, depreciation, depletion, taxes (including Federal Income Tax) and reserves was \$1,310,301.56, an increase of \$385,556.23 over the previous year, which reflects the economies due to improvements completed at the end of 1928.

The fixed assets on December 31, 1929, amounted to \$23,453,912.76 before reserves for depreciation and depletion, an increase of \$44,682.45 over the previous year. There was charged to depreciation reserves \$1,327,912.00 covering equipment made obsolete by improvements. Net current assets on December 31, 1929, amounted to \$8,542,963.38, an increase of \$3,840,276.04.

Regular cash dividends of 7 per cent on the First Preferred Stock were paid during the year, and a dividend of \$1.00 per share on the Common Stock was paid on April 1, July 1, October 1, and January 2, 1930.

Competition was severe throughout the year and prices received for your Company's products averaged fully \$4.00 per ton under those of the previous year. The increased earnings were due largely to reductions in cost. Sections of Southern Trade territory were less active with the partial failure of crops, floods and decline in municipal and road improvements. Notwithstanding these trade conditions, shipments of wire products were maintained, bars and pig iron materially increasing.

Construction was started during the latter part of the year on the installation of:

(a) A new, modern electric-driven 40" blooming mill to replace the present obsolete 36" mill; this unit will be put in service before April 1, 1930;

(b) A modern 32" universal plate mill;

(c) A sheet mill unit with capacity of 7,000 tons per month under license from the American Rolling Mill Company.

The sale of stock to employes under the installment plan was continued with an increase in the number of subscriptions over the previous year. The relations of the Company and its employes remain cordial and various programs of safety and welfare work are in progress.

The following capital improvements have been made during the year:

ALABAMA CITY STEEL PLANT

COKE PLANT

2 electric car pullers.
Conveyor for sulphate.
20 steel lockers.

ROD MILL

Automatic signal device.
Change room with steel lockers.

BLAST FURNACE

Recording scale on larry car.
1 125-ton Treadwell hot metal car.
Electric pump and motor.
Electric refrigerator for drinking water.
Brick office building.

WIRE MILL

1 20-block wire drawing frame for fine wire.
Tool room grinding machine.
1 gasoline tractor.
Tubs, reels, etc., manufacture of copper coated wire.
2 Overhead cranes for galvanizing pans.
2 storage tanks sulphuric acid.
Complete equipment safety stops all wire benches.
Pipe line for disposal of sawdust.

OPEN HEARTH

2 pneumatic hammers.
Electric driven pump.

G U L F S T A T E S S T E E L C O M P A N Y

BAR MILL

- 1 ball-bearing electric drill.
- 40 steel lockers.
- 1 angle straightener.
- Complete control on furnace runout table.

MECHANICAL DEPARTMENT

- 1 rumbler.
- 1 molding machine.
- 1 25-ton locomotive crane.
- 1 gasoline crane.
- Electric system synchronizing time clock in various power houses.
- Brick office building.

SAYRE COAL MINES

- 18" belt-driven wood planer.
- Endless rope hoist engine.
- Electric slicing machine.
- 1 6-ton haulage motor.

ALTOONA COAL MINES

- Coal bin and automatic feed.

ROLL SHOP

- 1 roll lathe.

RAILROAD DEPARTMENT

- 1 motor car.
- 10 steel dump cars.
- 1 steel ingot car.

COMMISSARY

- New display cases.
- 1 2-ton refrigerating machine.

COOPERAGE SHOP

- Warehouse for storing stock.

SHANNON ORE MINE

- Combination shop and supply house with machines and equipment.
- 1 100 G.P.M. centrifugal pump with automatic starter.
- New oil house.
- Underground tank and measuring pumps.
- 2 diamond drill holes for exploration purposes, inside of mine.

The usual policy of maintaining mines and plants at a high standard of efficiency has continued throughout the year.

Messrs. Barrow, Wade, Guthrie & Company, accountants and auditors, have audited the books and accounts of the Company, and their certificate accompanies the balance sheet.

The Directors acknowledge the loyal and efficient services of the various officers and employees.

By order of the Board of Directors.

WILLIAM H. COVERDALE,
President.

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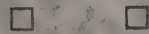
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**SEVENTEENTH
ANNUAL REPORT**

OF

**GULF STATES STEEL COMPANY
BIRMINGHAM, ALA.**



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**FOR THE FISCAL YEAR ENDING
DECEMBER 31, 1930**



**SEVENTEENTH
ANNUAL REPORT**

OF

GULF STATES STEEL COMPANY

EXECUTIVE AND GENERAL OFFICES: BROWN-MARX BUILDING

BIRMINGHAM, ALA.

**NEW YORK OFFICE:
120 WALL STREET**

NEW YORK CITY

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GULF STATES STEEL COMPANY

DIRECTORS

FRANK ALTSCHUL	NEW YORK, N. Y.
ALFRED A. COOK	NEW YORK, N. Y.
WM. H. COVERDALE	NEW YORK, N. Y.
FERDINAND EBERSTADT	NEW YORK, N. Y.
L. E. GEOHEGAN	BIRMINGHAM, ALA.
G. MUNRO HUBBARD	NEW YORK, N. Y.
EDWARD M. McILVAIN	NEW YORK, N. Y.
JOHN W. PLATTEN	NEW YORK, N. Y.
C. I. STRALEM	NEW YORK, N. Y.

EXECUTIVE COMMITTEE

JOHN W. PLATTEN	
ALFRED A. COOK	FERDINAND EBERSTADT
WM. H. COVERDALE	C. I. STRALEM
FRANK ALTSCHUL	

OFFICERS

JOHN W. PLATTEN	CHAIRMAN OF THE BOARD
WM. H. COVERDALE	PRESIDENT
H. SANBORN SMITH	ASS'T TO THE PRESIDENT
L. E. GEOHEGAN	VICE-PRESIDENT AND GENERAL MANAGER
A. R. FORSYTH	VICE-PRESIDENT AND TREASURER
P. R. OWENS	SECRETARY AND AUDITOR
C. V. ORR	ASS'T SEC'Y AND ASS'T TREAS.
H. R. CAMPBELL	ASS'T SEC'Y AND ASS'T TREAS.
GEO. P. HANSEN	GENERAL SUPERINTENDENT
F. R. THOMPSON	ASSISTANT GENERAL MANAGER
R. P. DAGGITT	SALES MANAGER
C. C. BROWN	ASS'T SALES MANAGER
B. F. TYLER	PURCHASING AGENT
C. E. BOWRON	CHIEF ENGINEER
H. H. KNIGHT	TRAFFIC MANAGER
W. J. CALIFF	ASS'T TRAFFIC MANAGER

CONSULTING ENGINEER

GEO. W. BURPEE	NEW YORK, N. Y.
----------------	-----------------

COUNSEL

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BENNETT, BURR, McKAMY & FORMAN	BIRMINGHAM, ALA.
O. R. HOOD	GADSDEN, ALA.

TRANSFER AGENT

GUARANTY TRUST COMPANY OF NEW YORK
140 BROADWAY, NEW YORK, N. Y.

REGISTRAR

CHEMICAL BANK & TRUST COMPANY
165 BROADWAY, NEW YORK, N. Y.

GULF STATES STEEL COMPANY

TO THE STOCKHOLDERS:

The Board of Directors herewith submits its Seventeenth Annual Report of operations for the Fiscal Year ending December 31, 1930, together with a Financial Statement and General Report on the condition of the property at the close of the year.

INCOME REPORT

The Net Operating Income for the year 1930 amounted to \$110,098.12, a decrease of \$2,212,403.88 compared with the year 1929. After making provision for Depreciation and all anticipated losses, the Net Loss carried to Surplus amounted to \$815,334.74.

INCOME ACCOUNT

	1930	1929
Gross Income.....	\$ 8,296,052.70	\$ 11,164,950.49
Cost of Operations.....	8,185,954.58	8,842,448.49
Net earnings from operations, etc.	\$ 110,098.12	\$ 2,322,502.00
Deductions:		
Federal Taxes.....		\$183,723.59
Interest Accrued on Debentures.....	\$282,904.87	207,989.73
Amortization of Debenture Discount.....	42,527.99	20,487.12
Depreciation.....	600,000.00	600,000.00
Net Profit (* Deficit).....	*\$ 815,334.74	\$ 1,310,301.56

EARNINGS PER SHARE

	1930	1929	1928	1927	1926
Preferred	\$.00	\$65.52	\$46.24	\$37.82	\$39.99
Common	.00	5.93	6.28	4.93	5.28

G U L F S T A T E S S T E E L C O M P A N Y

STATEMENT OF SURPLUS

For the Year Ending December 31, 1930

EARNED SURPLUS:

Balance December 31, 1929.....\$ 4,597,804.21

Less:

Dividends Paid:

1st Preferred Stock, April 1, 1930.....	\$ 35,000.00	
1st Preferred Stock, July 1, 1930.....	35,000.00	
1st Preferred Stock, October 1, 1930.....	35,000.00	
*1st Preferred Stock, January 2, 1931.....	35,000.00	\$140,000.00

Common Stock, April 1, 1930.....	\$197,500.00	
Common Stock, July 1, 1930.....	197,500.00	395,000.00

535,000.00

\$ 4,062,804.21

Net Loss Year 1930.....815,334.74

\$ 3,247,469.47

Dividends on Fractional Shares returned to Treasury 30.00

\$ 3,247,499.47

CAPITAL SURPLUS.....1,294,586.93

TOTAL SURPLUS.....\$ 4,542,086.40

*This amount remitted December 29, 1930, to the Guaranty Trust Company of New York, Transfer Agents, for distribution.

G U L F S T A T E S S T E E L C O M P A N Y

BALANCE SHEET

December 31, 1930

ASSETS

FIXED ASSETS:

Works and Properties as at December 31, 1929, at original values at inception of Company, plus NET additions to that date at cost.....	\$ 23,453,912.76	
Additions during year 1930.....	6,373,402.40	
	<u>\$ 29,827,315.16</u>	

DEDUCT:

Estimated cost of property dismantled, charged against Reserve for Depreciation.....	798,522.11	
--	------------	--

\$ 29,028,793.05	
<u>3,049,414.72</u>	\$ 25,979,378.33

LESS: Reserve for Depreciation and Extinguishment.....

CURRENT ASSETS:

Cash.....	\$ 544,150.93	
Notes Receivable.....	110,333.56	
Accounts Receivable.....	1,002,105.29	
Inventories (At Lower of Cost or Market):		
Salable.....	\$ 1,424,253.61	
Convertible.....	2,192,156.03	
Consumable.....	558,555.83	
	<u>4,174,965.47</u>	5,831,555.25

INVESTMENTS:

Gulf States Steel Co., Preferred, 106 Shares.....	\$ 4,834.97	
Gulf States Steel Co., Common, 799 Shares.....	32,963.03	
(Purchased and Held for Employees' Subscriptions)		
Gulf States Steel Sales Co.—Capital Stock—100 Shares of \$100.00 Par Value.....	10,000.00	
Tennessee, Alabama & Georgia Railroad Syndicate Subscription.....	50,000.00	97,798.00

SINKING FUND.....		93,500.00
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PREPAID EXPENSES.....		349,673.41
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\$ 32,351,904.99

G U L F S T A T E S S T E E L C O M P A N Y

BALANCE SHEET

December 31, 1930

LIABILITIES

CAPITAL STOCK:

First Preferred—7% Cumulative	\$ 3,000,000.00	
Less—In Treasury	1,000,000.00	
	<u>\$ 2,000,000.00</u>	
Common—Without Nominal or Par Value— Outstanding 197,500 Shares	16,850,000.00	\$ 18,850,000.00

FUNDED DEBT:

Fifteen-Year 5½% Sinking Fund Gold Debentures due June 1, 1942: Issued and Outstanding	5,562,500.00
---	--------------

CURRENT LIABILITIES:

Accounts Payable	\$ 1,134,117.45	
Notes Payable	1,600,000.00	
Accrued Wages, Taxes and Interest	133,184.75	2,867,302.20

RESERVES:

Replacements and Sundries	\$ 280,152.72	
Contingencies	249,863.67	530,016.39

SURPLUS:

Capital Surplus	\$ 1,294,586.93	
Earned Surplus:		
Balance—December 31, 1929	\$ 4,597,804.21	
Less—Dividends	535,000.00	
	<u>\$ 4,062,804.21</u>	
Loss for Year 1930	815,334.74	
	<u>\$ 3,247,469.47</u>	
Dividends on Fractional Shares returned to Treasury	30.00	3,247,499.47
		<u>4,542,086.40</u>
		<u>\$ 32,351,904.99</u>

G U L F S T A T E S S T E E L C O M P A N Y

To the President and Board of Directors:

We hereby certify that we have examined the books and records of the Gulf States Steel Company as at December 31, 1930, and, in our opinion, based on our examination and information submitted to us the foregoing Balance Sheet shows the financial condition of the Gulf States Steel Company as at that date.

(Signed) BARROW, WADE, GUTHRIE & CO.

Accountants and Auditors.

New York, February 3, 1931.

G U L F S T A T E S S T E E L C O M P A N Y

INVENTORIES

(Valued at Lower of Cost or Market)

Classification:	1930	1929	1928	1927	1926
Salable	\$1,424,253.61	\$1,596,320.83	\$ 939,286.05	\$1,011,693.84	\$1,152,901.79
Convertible	2,192,156.03	1,639,122.96	1,461,693.79	1,160,121.48	904,492.17
Consumable	558,555.83	963,679.81	610,364.30	497,519.60	476,414.79
Total.....	\$4,174,965.47	\$4,199,123.60	\$3,011,344.14	\$2,669,334.92	\$2,533,808.75

AVERAGE NUMBER OF MEN EMPLOYED

	1930	1929	1928	1927	1926
Ore Mines	153	181	164	182	174
Coal Mines and Coke Ovens	812	661	761	766	718
Blast Furnaces	50	53	69	70	78
Steel and Finishing Mills	* 2104	1611	1445	1368	1567
Total.....	3119	2506	2439	2386	2537

TOTAL EXPENDED FOR LABOR

1930*	\$ 4,615,994.41
1929	4,005,440.03
1928	3,779,457.05
1927	3,696,205.14
1926	3,692,486.10

AVERAGE EARNINGS PER MAN

1930	\$ 1,479.96
1929	1,598.34
1928	1,549.59
1927	1,549.12
1926	1,455.45

GROSS SALES

1930	\$ 8,374,722.00
1929	11,278,133.00
1928	9,609,022.00
1927	9,733,395.00
1926	9,597,132.00

*Increased labor for 1930 largely due to construction.

G U L F S T A T E S S T E E L C O M P A N Y

OUTPUT

The following figures show the comparative production of the different departments:

RAW AND SEMI-FINISHED PRODUCTS

MINES:		1930	1929	1928	1927	1926
COAL:		Tons	Tons	Tons	Tons	Tons
Virginia.....		121,965	126,748	120,404	126,470	126,097
Altoona.....		99,604	115,233	114,188	127,332	115,126
Sayre.....		206,502	191,598	218,688	248,935	240,809
Total.....	Net Tons	428,071	433,579	453,280	502,737	482,032
ORE:						
Shannon.....	Gross Tons	188,074	240,327	155,203	180,382	170,419
ALABAMA CITY:						
COKE.....	Net Tons	194,680	195,434	180,883	192,901	185,710
PIG IRON:						
Basic.....	Gross Tons	61,975	117,038	82,405	124,189	97,285
Foundry.....	Gross Tons	112,819	62,661	31,447		
Total.....		174,794	179,699	113,852	124,189	97,285
STEEL:						
Ingots.....	Gross Tons	177,793	263,820	200,209	199,358	201,810
Billets and Slabs.....	Gross Tons	132,979	228,519	174,772	174,972	172,778
Wire Rods.....	Gross Tons	56,405	86,149	86,626	84,296	76,371
Total.....		367,177	578,488	461,607	458,626	450,959
Total Raw and Semi-Finished						
Products.....	Gross and Net Tons	1,352,796	1,627,527	1,364,825	1,458,835	1,386,405

G U L F S T A T E S S T E E L C O M P A N Y

OUTPUT—Continued

FINISHED PRODUCTS:

ALABAMA CITY:		1930	1929	1928	1927	1926
BAR MILLS:		Tons	Tons	Tons	Tons	Tons
Bars, Plain	Net Tons	48,887	83,297	43,429	51,690	54,172
Bars, Shapes	Net Tons	12,568	15,744	9,238		
Total		61,455	99,041	52,667	51,690	54,172

PLATE MILL:

Plates, Universal	Net Tons	20,917				
Plates, Sheared	Net Tons	2,945				
Total		23,862				

SHEET MILLS:

Sheets, Blue Annealed	Net Tons	2,967				
Sheets, Black	Net Tons	9,248				
Sheets, Galvanized Flat	Net Tons	8,725				
Sheets, Galvanized Corrugated Roofing	Net Tons	5,652				
Total		26,592				

WIRE PRODUCTS:

Wire, Bright and Annealed	Net Tons	63,137	94,510	95,449	91,468	87,679
Wire, Galvanized	Net Tons	22,649	36,695	35,603	32,210	25,445
Wire, Barbed (painted)	Net Tons	103	73	92	125	106
Wire, Barbed (galvanized)	Net Tons	8,202	18,013	16,067	8,454	8,922
Fence, Woven Wire	Net Tons	8,373	10,159	11,886	14,857	9,250
Nails	Net Tons	24,146	36,305	40,008	40,712	41,932
Nails, Galvanized	Net Tons	718	1,399	1,604	1,420	1,677
Nails, Blued	Net Tons	118	302	191	146	343
Nails, Cement Coated	Net Tons	2,274	4,101	3,386	3,234	2,900
Staples	Net Tons	1,132	1,857	1,868	1,419	1,203
Bale Ties	Net Tons	2,429	3,454	3,000	3,108	2,306
Total		133,281	206,868	209,154	197,153	181,763

Total Finished Products	Net Tons	245,190	305,909	261,821	248,843	235,935
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GRAND TOTAL, Gross and Net Tons	1,597,986	1,933,436	1,626,646	1,707,678	1,622,340
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G U L F S T A T E S S T E E L C O M P A N Y

The Company's operations during the year resulted in an ingot production of 177,793 tons, a decrease of 86,027 tons from the previous year; and also in the production of 112,819 tons of foundry pig iron.

Total shipments of steel products amounted to 142,625 tons, a decrease of 62,622 tons from the previous year, of which amount finished products decreased 49,301 tons and other products decreased 13,311 tons.

The net loss for the year after debenture interest, depreciation, depletion, taxes and reserves, was \$815,334.74 as compared with a profit of \$1,310,301.56 the previous year.

The fixed assets on December 31, 1930, amounted to \$29,028,793.05 before reserves for depreciation and depletion, but after charging to depreciation reserves \$798,522.11 covering equipment made obsolete by improvements. Fixed assets increased \$5,574,880.29 over the previous year.

Net current assets on December 31, 1930, amounted to \$2,964,253.05, a decrease of \$5,578,710.33 due to construction of new mills as reflected by increase in fixed assets.

Regular cash dividends of 7% on the First Preferred Stock were paid during the year, and a dividend of \$1.00 per share was paid on April 1, and July 1, 1930, on the Common Stock.

As the program of plant improvement and extension which has been in progress over the last four years is now nearing completion, the following brief statement is deemed appropriate:

During 1927 your Company undertook the complete modernization of all its plants and processes, the construction of a new power plant and the electrification of its various mills and mines. The funds in part therefor were provided through the issuance and sale of \$4,000,000 of its 15-year 5½% Sinking Fund Gold Debentures.

During 1928 improvements undertaken in 1927, and others begun in 1928, consisting of a remodeled blast furnace, new power plant, electrification of rod mill and coal mines, miscellaneous betterments at mills, furnaces and warehouses were completed and put in operation.

During 1929 further improvements consisting of one new 40" electric driven blooming mill, one modern 32" universal plate mill and one sheet mill with capacity of 7,000 tons per month were undertaken. Funds therefor were provided in part by the sale of 72,500 shares of no-par Common Stock and by the end of 1930 all of the above mills were completed.

The enlargement of the open hearth department was also undertaken in 1930 in order to bring its capacity up to 450,000 gross tons per annum and in balance with the requirements of the enlarged plant and \$2,000,000 additional 15-year 5½% Sinking Fund Gold Debentures were sold to provide the funds for that and other corporate purposes.

The details of the open hearth improvement program which, at the time the debentures were sold in April, 1930, contemplated, among other things, the erection of two new 125 ton furnaces, have been modified owing to the recent availability of natural gas as fuel and to other causes; as a result of which the present six open hearth furnaces are being rebuilt from their former capacity of 264,000 gross tons per annum to the required capacity of 450,000 gross tons per annum, of which increased capacity over one-half is now available and the balance will become available as needed. The two new 125 ton furnaces previously contemplated are therefore not now required. In the meanwhile, many other plant and mine improvements not included in the above program have been completed as shown below.

With the completion of the new mills your Company's line of products heretofore consisting of wire products, bars, and shapes, was increased to include universal and sheared plates, and a complete line of sheet mill products consisting of flat and corrugated galvanized sheets, blue annealed, box annealed and special grade. All of these products suffered severe declines in prices during the year; the pig iron market has been extremely weak; and the territory served by your Company has been adversely affected by the low prices of agricultural products.

The sale of stock to employees under the installment plan was continued with an increase in the number of subscriptions over the previous year. The relations of the Company and its employees remain cordial, and the program of safety and welfare work has been extended.

G U L F S T A T E S S T E E L C O M P A N Y

The following capital improvements have been made during the past year:

ALTOONA COAL MINES

Fifty new mine cars; automatic rock dump and hoist; coal dump on tippie.

SAYRE COAL MINES

New concrete and steel Elmore three jig coal washing plant, together with conveyor belt from tippie and other necessary equipment; one 200 KVA transformer bank.

VIRGINIA COAL MINES

New air shaft 590 feet; 125,000 cubic foot per minute capacity ventilating fan, motor driven with gasoline engine auxiliary, together with concrete building, overcast, etc.; one 200 gallon per minute electric-driven pump; complete fire protection system for camp and plant buildings.

SHANNON ORE MINE

Extension main air-line 1100 feet; underground explosive magazine; two exploration diamond drill holes for extension of workings; well for domestic water supply, with electric-driven well pump in concrete pump house; one 18" shaper in machine shop.

ALABAMA CITY STEEL PLANT

OPEN HEARTH—Central oxygen station; recording pyrometer; new skull cracker building and crane; 22 ingot cars.

BLOOMING MILL—New 40" electric-driven blooming mill; two 4-hole, Isley controlled, electrically operated soaking pits; three Wellman mechanically operated gas producers with steel and concrete building; ash and coal handling equipment.

ROD MILL—Motor-driven fan for ventilation of main driving motor.

BAR MILL—Equipment for manufacture of fence posts; bar testing and plate milling machines, housed in brick and concrete buildings.

LABORATORY—Completed metallography equipment; telautograph system between open hearth and laboratory.

WIRE MILL—One barbing block; electric heat treating furnace; improved P. & G. field fence machine; water filter plant.

PLATE MILL—32" electric-driven universal plate mill complete with automatic screwdown driven by a 4,000 H.P. motor; together with all electric auxiliaries, runout tables, cooling beds, shears, cranes, two heating furnaces, three gas producers, etc.; housed in steel building with metal siding and roof, and warehouse facilities; main building 825 feet long by 97 feet wide; total building area including warehouse, etc., 120,744 square feet.

SHEET MILL—Consisting of shearing equipment, overhead cranes, six heating furnaces, three gas producers, six hot mills, two cold mills, resquaring shears, five box annealing furnaces, one open annealing furnace with table runout, sheet pickling department, three galvanizing units, painting machine, corrugating department, shears, warehouses, loading dock, etc. Total area of buildings for this mill 336,995 square feet.

The usual policy of maintaining plants at a high standard of efficiency and safety has continued throughout the year.

Messrs. Barrow, Wade, Guthrie & Company, accountants and auditors, have audited the books and accounts of the Company, and their certificate accompanies the balance sheet.

The Directors acknowledge the loyal and efficient services of the various officers and employees.

By order of the Board of Directors.

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WILLIAM H. COVERDALE,
President.



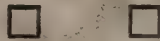
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**EIGHTEENTH
ANNUAL REPORT**

OF

**GULF STATES STEEL COMPANY
BIRMINGHAM, ALA.**



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**FOR THE FISCAL YEAR ENDING
DECEMBER 31, 1931**



**EIGHTEENTH
ANNUAL REPORT
OF
GULF STATES STEEL COMPANY**

EXECUTIVE AND GENERAL OFFICES: BROWN-MARX BUILDING

BIRMINGHAM, ALA.

NEW YORK OFFICE:

120 WALL STREET

NEW YORK CITY

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GULF STATES STEEL COMPANY

DIRECTORS

FRANK ALTSCHUL	NEW YORK, N. Y.
ALFRED A. COOK	NEW YORK, N. Y.
WM. H. COVERDALE	NEW YORK, N. Y.
FERDINAND EBERSTADT	NEW YORK, N. Y.
L. E. GEOHEGAN	BIRMINGHAM, ALA.
G. MUNRO HUBBARD	NEW YORK, N. Y.
EDWARD M. McILVAIN	NEW YORK, N. Y.
JOHN W. PLATTEN	NEW YORK, N. Y.
C. I. STRALEM	NEW YORK, N. Y.

EXECUTIVE COMMITTEE

JOHN W. PLATTEN

ALFRED A. COOK
WM. H. COVERDALE

FERDINAND EBERSTADT
C. I. STRALEM

FRANK ALTSCHUL

OFFICERS

JOHN W. PLATTEN	CHAIRMAN OF THE BOARD
WM. H. COVERDALE	PRESIDENT
H. SANBORN SMITH	ASS'T TO THE PRESIDENT
L. E. GEOHEGAN	VICE-PRESIDENT AND GENERAL MANAGER
A. R. FORSYTH	VICE-PRESIDENT AND TREASURER
P. R. OWENS	SECRETARY AND AUDITOR
C. V. ORR	ASS'T SEC'Y AND ASS'T TREAS.
H. R. CAMPBELL	ASS'T SEC'Y AND ASS'T TREAS.
GEO. P. HANSEN	WORKS MANAGER
F. R. THOMPSON	COMMERCIAL MANAGER
C. C. BROWN	ASS'T SALES MANAGER
B. F. TYLER	PURCHASING AGENT
C. E. BOWRON	CHIEF ENGINEER
H. H. KNIGHT	TRAFFIC MANAGER
W. J. CALIFF	ASS'T TRAFFIC MANAGER

CONSULTING ENGINEER

GEO. W. BURPEE.....NEW YORK, N. Y.

COUNSEL

LARKIN, RATHBONE & PERRY.....NEW YORK, N. Y.
BENNETT, BURR, McKAMY & FORMAN.....BIRMINGHAM, ALA.
O. R. HOOD.....GADSDEN, ALA.

TRANSFER AGENT

CITY BANK FARMERS TRUST COMPANY
22 WILLIAM STREET, NEW YORK, N. Y.

REGISTRAR

THE NATIONAL CITY BANK OF NEW YORK
52 WALL STREET, NEW YORK

GULF STATES STEEL COMPANY

TO THE STOCKHOLDERS:

The Board of Directors herewith submits its Eighteenth Annual Report of operations for the Fiscal year ending December 31, 1931, together with a Financial Statement and General Report on the condition of the property at the close of the year.

INCOME REPORT

The Net Operating Income for the year 1931 amounted to \$121,461.81, an increase of \$11,363.69 compared with the year 1930. After making provision for Depreciation and all anticipated losses, the Net Loss carried to Surplus amounted to \$976,230.05.

INCOME ACCOUNT

	1931	1930
Gross Income.....	\$ 7,859,048.32	\$ 8,296,052.70
Cost of Operations.....	7,737,586.51	8,185,954.58
Net earnings from operations, etc....	\$ 121,461.81	\$ 110,098.12
Deductions:		
Interest Accrued on Debentures.....	\$296,329.99	\$282,904.87
Amortization of Debenture Discount.....	21,361.87	42,527.99
Depreciation.....	780,000.00	600,000.00
Net Loss.....	\$ 976,230.05	\$ 815,334.74

EARNINGS PER SHARE

	1931	1930	1929	1928	1927
Preferred	\$.00	\$.00	\$65.52	\$46.24	\$37.82
Common	.00	.00	5.93	6.28	4.93

G U L F S T A T E S S T E E L C O M P A N Y

STATEMENT OF SURPLUS

For the Year Ending December 31, 1931

EARNED SURPLUS:

Balance December 31, 1930 \$ 3,247,499.47

Less:

Dividends Paid:

First Preferred Stock, April 1, 1931 \$ 35,000.00

Additional provision for Contingencies 197,118.03 232,118.03

.....
\$ 3,015,381.44

Net Loss Year 1931 976,230.05

.....
\$ 2,039,151.39

CAPITAL SURPLUS 1,294,586.93

TOTAL SURPLUS \$ 3,333,738.32

G U L F S T A T E S S T E E L C O M P A N Y

BALANCE SHEET

December 31, 1931

ASSETS

FIXED ASSETS:

Works and Properties as at December 31, 1930, at original values at inception of Company, plus NET additions to that date at cost.....

\$29,028,793.05

Additions during year 1931.....

374,738.65

\$29,403,531.70

Less: Reserve for Depreciation and Extinguishment

3,804,508.95

\$25,599,022.75

CURRENT ASSETS:

Cash \$ 432,674.75

Notes Receivable 108,186.41

Accounts Receivable 769,406.68

Inventories (At lower of cost or market):

Salable \$ 1,021,558.27

Convertible 951,524.18

Consumable 622,902.35

2,595,984.80

3,906,252.64

INVESTMENTS:

Gulf States Steel Company—Stock purchased and held for

Employees' Subscriptions:

Preferred, 57 Shares \$ 658.47

Common, 725 Shares 3,625.00

Gulf States Steel Sales Company—Capital Stock—

100 Shares of \$100.00 Par Value 10,000.00

Tennessee, Alabama & Georgia Railroad Syndicate

Subscription 50,000.00

64,283.47

SINKING FUND

43,455.97

PREPAID EXPENSES.....

303,203.90

\$29,916,218.73

G U L F S T A T E S S T E E L C O M P A N Y

BALANCE SHEET

December 31, 1931

LIABILITIES

CAPITAL STOCK:

First Preferred—7% Cumulative—Par Value \$100.00 per share:			
Authorized	30,000 shares	\$	3,000,000.00
Less—In Treasury	10,000 shares		1,000,000.00
Outstanding	20,000 shares	\$	2,000,000.00
Common—Without Nominal or Par Value:			
Authorized—	300,000 shares		
Outstanding—	197,500 shares	16,850,000.00	\$ 18,850,000.00

FUNDED DEBT:

Fifteen-year 5½% Sinking Fund Gold Debentures—			
Due June 1, 1942:			
Originally Authorized and Issued		\$	6,000,000.00
Retired by Sinking Fund			625,000.00
Outstanding			5,375,000.00

CURRENT LIABILITIES:

Accounts Payable	\$	183,907.38	
Notes Payable		1,242,000.00	
Accrued Wages, Taxes and Interest		90,847.20	1,516,754.58

RESERVES:

Replacements and Sundries	\$	435,488.75	
Contingencies		405,237.08	840,725.83

SURPLUS:

Capital Surplus	\$	1,294,586.93	
Earned Surplus:			
Balance—December 31, 1930		\$ 3,247,499.47	
Less:			
Dividends	\$	35,000.00	
Additional provision for Contingencies		197,118.03	232,118.03
		\$ 3,015,381.44	
Loss for year 1931		976,230.05	2,039,151.39
			3,333,738.32
			\$29,916,218.73

G U L F S T A T E S S T E E L C O M P A N Y

TO THE BOARD OF DIRECTORS,

Gulf States Steel Company,

Birmingham, Alabama.

We have examined the books and accounts of Gulf States Steel Company as at December 31, 1931. Based on our examination and information submitted to us, we are of the opinion that the foregoing Balance Sheet sets forth the financial condition of the Company on December 31, 1931, on the basis indicated therein.

(Signed) BARROW, WADE, GUTHRIE & CO.

Accountants and Auditors.

New York, N. Y., February 3, 1932.

G U L F S T A T E S S T E E L C O M P A N Y

INVENTORIES

(Valued at Lower of Cost or Market)

Classification:	1931	1930	1929	1928	1927
Salable	\$1,021,558.27	\$1,424,253.61	\$1,596,320.83	\$ 939,286.05	\$1,011,693.84
Convertible	951,524.18	2,192,156.03	1,639,122.96	1,461,693.79	1,160,121.48
Consumable	622,902.35	558,555.83	963,679.81	610,364.30	497,519.60
Total	\$2,595,984.80	\$4,174,965.47	\$4,199,123.60	\$3,011,344.14	\$2,669,334.92

AVERAGE NUMBER OF MEN EMPLOYED

	1931	1930	1929	1928	1927
Ore Mines	199	153	181	164	182
Coal Mines and Coke Ovens	647	812	661	761	766
Blast Furnaces	42	50	53	69	70
Steel and Finishing Mills	1338	*2104	1611	1445	1368
Total	2226	3119	2506	2439	2386

TOTAL EXPENDED FOR LABOR

1931	\$ 2,808,929.04
1930*	4,615,994.41
1929	4,005,440.03
1928	3,779,457.05
1927	3,696,205.14

AVERAGE EARNINGS PER MAN

1931	\$ 1,261.87
1930	1,479.96
1929	1,598.34
1928	1,549.59
1927	1,549.12

GROSS SALES

1931	\$ 7,925,993
1930	8,374,722
1929	11,278,133
1928	9,609,022
1927	9,733,395

*Increased labor for 1930 largely due to construction.

G U L F S T A T E S S T E E L C O M P A N Y

OUTPUT

The following figures show the comparative production of the different departments:

RAW AND SEMI-FINISHED PRODUCTS

MINES:		1931	1930	1929	1928	1927
COAL:		Tons	Tons	Tons	Tons	Tons
Virginia.....		87,488	121,965	126,748	120,404	126,470
Altoona.....		43,387	99,604	115,233	114,188	127,332
Sayre.....		176,771	206,502	191,598	218,688	248,935
Total.....	Net Tons	307,646	428,071	433,579	453,280	502,737
ORE:						
Shannon.....	Gross Tons	72,677	188,074	240,327	155,203	180,382
ALABAMA CITY:						
COKE.....	Net Tons	127,398	194,680	195,434	180,883	192,901
PIG IRON:						
Basic.....	Gross Tons	11,757	61,975	117,038	82,405	124,189
Foundry.....	Gross Tons	50,125	112,819	62,661	31,447	-----
Total.....		61,882	174,794	179,699	113,852	124,189
STEEL:						
Ingots.....	Gross Tons	137,465	177,793	263,820	200,209	199,358
Billets and Slabs.....	Gross Tons	127,846	132,979	228,519	174,772	174,972
Wire Rods.....	Gross Tons	41,646	56,405	86,149	86,626	84,296
Total.....		306,957	367,177	578,488	461,607	458,626
Total Raw and Semi-Finished Products.....	Gross and Net Tons	876,560	1,352,796	1,627,527	1,364,825	1,458,835

G U L F S T A T E S S T E E L C O M P A N Y

OUTPUT—Continued

FINISHED PRODUCTS:

ALABAMA CITY:

			1931	1930	1929	1928	1927
BAR MILLS:			Tons	Tons	Tons	Tons	Tons
Bars, Plain	Net Tons		22,530	48,887	83,297	43,429	51,690
Bars, Shapes	Net Tons		5,530	12,568	15,744	9,238	
Fence Posts	Net Tons		87				
Total			28,147	61,455	99,041	52,667	51,690

PLATE MILL:

Plates, Universal	Net Tons	55,338	20,917			
Plates, Sheared	Net Tons	5,289	2,945			
Total		60,627	23,862			

SHEET MILLS:

Sheets, Blue Annealed	Net Tons	3,481	2,967			
Sheets, Black	Net Tons	34,148	9,248			
Sheets, Galvanized Flat	Net Tons	28,304	8,725			
Sheets, Galvanized Corrugated						
Roofing	Net Tons	19,675	5,652			
Ridge Roll	Net Tons	182				
Total		85,790	26,592			

WIRE PRODUCTS:

Wire, Bright and Annealed	Net Tons	46,573	63,137	94,510	95,449	91,468
Wire, Galvanized	Net Tons	13,619	22,649	36,695	35,603	32,210
Wire, Barbed (painted)	Net Tons	25	103	73	92	125
Wire, Barbed (galvanized)	Net Tons	4,808	8,202	18,013	16,067	8,454
Fence, Woven Wire	Net Tons	6,914	8,373	10,159	11,886	14,857
Nails	Net Tons	19,803	24,146	36,305	40,008	40,712
Nails, Galvanized	Net Tons	821	718	1,399	1,604	1,420
Nails, Blued	Net Tons	39	118	302	191	146
Nails, Cement Coated	Net Tons	1,163	2,274	4,101	3,386	3,234
Staples	Net Tons	1,043	1,132	1,857	1,868	1,419
Bale Ties	Net Tons	3,151	2,429	3,454	3,000	3,108
Welding Rods	Net Tons	31				
Total		97,990	133,281	206,868	209,154	197,153

Total Finished Products	Net Tons	272,554	245,190	305,909	261,821	248,843
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GRAND TOTAL, Gross and Net Tons 1,149,114 1,597,986 1,933,436 1,626,646 1,707,678

G U L F S T A T E S S T E E L C O M P A N Y

The Company's operations during the year resulted in an ingot production of 137,465 tons, a reduction of 40,328 tons, or 22.6 per cent, from the previous year; and also in the production of 61,882 tons of pig iron.

Total shipments of steel products amounted to 128,494 tons, a decrease of 14,131 tons, or 9.9 per cent, from the previous year, of which amount finished products decreased 9,905 tons and semi-finished products decreased 4,226 tons.

The net loss for the year after debenture interest, depreciation, depletion, taxes and reserves, was \$976,230.05 as compared with a loss of \$815,334.74 the previous year. In comparing the results for 1931 with those of the previous year, allowance must be made for an increase in annual depreciation accruals of \$180,000 per annum, effective January 1, 1931.

The fixed assets on December 31, 1931, amounted to \$29,403,531.70 before reserves for depreciation and depletion. The fixed assets increased \$374,738.65 over the previous year.

Net current assets on December 31, 1931, amounted to \$2,389,498.06, a decrease of \$574,754.99 due principally to reduction of \$1,578,980.67 in inventory. Notes payable included in current liabilities as of December 31, 1931, were \$1,242,000, a decrease of \$358,000 for the year. Loans from banks which were \$1,600,000 at December 31, 1930, and \$2,060,000 on May 31, 1931, were down to \$1,200,000 at December 31, 1931, and have subsequently been reduced to \$1,080,000 as of February 15 of the current year.

Cash dividends of \$1.75 per share were paid on January 1, and April 1, on the first preferred stock, but none subsequent thereto. No dividends were paid on the common stock.

This has been the first full year of operation since the completion of the new mills and it is disappointing that the severe decline in business activity has prevented the enjoyment of the anticipated increased earnings. Your Company has held its own during the past year compared with 1930 largely through the functioning of the new mills. While the tonnage of wire products and bar mill products decreased 35.3 per cent in 1931 as compared with 1930, and the price received for these products also decreased, your Company was able, through its output of plates and sheets, to hold its tonnage of finished products to a point only 6.57 per cent lower than during 1930 and to realize a higher average price for the aggregate of its finished products than during the previous year.

The combination of reduced demand for steel and lack of profitable market for surplus pig iron made it advisable, early in June, to discontinue mining operations at Shannon mine and the manufacture of pig iron at Alabama City; at the same time the by-product coke ovens were put on a schedule of operation as low as consistent with maintaining them in operating condition.

The operations of your Company during the past year suffered in sympathy with the universal business decline. Sales volume, while low, compares favorably with the general demand for steel products throughout the Southern territory, which is the principal market for your Company's products. The low prices of cotton, agricultural products and oil acted to reduce this demand. Competition has been very keen and price reductions general. The average sales price of wire products declined \$3.17 a ton on total shipments of 51,802 tons, and of bars \$2.16 a ton on 29,000 tons. The decreases in prices on these two items alone account for a reduction in revenue of \$226,853 below what the revenue would have been on 1931 tonnage at 1930 prices.

As of September 1, salaries and wages were reduced. Market prices of purchased raw materials have decreased. By these and other means it has been possible to reduce the cost of production of every line of finished products even in the face of a smaller volume of tonnage.

The 125-ton open hearth furnace has been put in operation, and all six furnaces equipped to burn natural gas.

The open hearth department, upon the installation of a heavy ladle crane and ladles, will have a capacity of 450,000 gross tons, or more, of steel ingots per annum; this installation will be made at a relatively small expenditure at such time as the total capacity may be required.

G U L F S T A T E S S T E E L C O M P A N Y

The sale of stock to the employes under the installment plan was continued. The relations of the Company and its employes remain cordial, and the program of safety and welfare work has been extended.

The suffering from unemployment in the district in which your Company operates has been acute. Your Company has taken an active part in the amelioration of such suffering, in so far as it has been able; among other things—making available Company land for vegetable raising and farming to its former employes who are now out of work.

The following capital improvements have been made during the past year:

SAYRE COAL MINES

Mechanical conveyor and coal loader.

SHANNON ORE MINE

Eleven hundred lineal feet 4" air line; 1,760 lineal feet 4" surface water line for supplying domestic and boiler water; 1,000 feet road and concrete culverts and drainage throughout the camp.

ALABAMA CITY STEEL PLANT

OPEN HEARTH—Increase in capacity of No. 5 furnace from 75 to 125 tons; installation of natural gas burning on open hearth furnaces, Nos. 1, 2, 4, 5 and 6, together with control and pyrometer equipment; necessary equipment on No. 6 open hearth furnace for using by-product gas; pit crane runway remodeled to handle heavier heats from open hearths; hydraulic bundling press for preparing sheet and plate mill scrap for use at open hearth.

BLOOMING MILL—Ingot weighing scales.

ROD MILL—Equipment at heating furnaces for using natural gas.

BAR MILL—Remodeling of reheating furnaces Nos. 1 and 2 for using natural gas.

PLATE MILL—Hydraulic brakes on slab yard and distributing building cranes.

SHEET MILL—Automatic tables on 3-high mill; steam doubler for handling wide sheets; small galvanizing machine; annealing box straightener; draw testing machine; tilting table and electric screw-down on jobbing mill; small shear for plates; spangled rolls on galvanizing machines; one circle shear; dial platform scales; three time clocks.

WELDING ROD DEPARTMENT—Complete coating, pickling and cleaning tanks; coating machine, conveyors, scales and building for housing same.

MISCELLANEOUS—Two Lincoln arc welders.

Charges to operating expenses for provisional accounts for future repairs and replacements exceeded the actual expenditures from those funds for the year 1931 by \$155,336.

The usual policy of maintaining plants at a high standard of condition, efficiency and safety has continued throughout the year.

Messrs. Barrow, Wade, Guthrie & Company, accountants and auditors, have audited the books and accounts of the Company, and their certificate accompanies the balance sheet.

Henry V. Poor, Esquire, Counsel of the Company, met an accidental death October 26, 1931. He had been closely identified with the Company since its inception and his loss deprives us of a valued friend and adviser.

The Directors acknowledge the unusually loyal and efficient service of the various officers and employes.

By order of the Board of Directors.

WILLIAM H. COVERDALE,
President.

A COMPLETE LINE OF

BLAST FURNACE PRODUCTS

PIG IRON

Basic and Foundry

SEMI-FINISHED OPEN HEARTH STEEL

INGOTS—Forging

Various Sizes and Weights

BILLETS—Forging or Rerolling

4" x 4" to 10" x 10"

SLABS—Forging or Rerolling

6" to 40" wide

3" to 10" thick

BLOOMS

BAR MILL PRODUCTS

BAR

Plain Rounds, 3/16" to 4" diameter

Plain Squares, 3/8" to 3 3/4" diameter

Flat Bars, square edge,

3/4" to 6" wide—1/4" to 1 1/2" thick

Heavy Flats, square edge,

4", 4 1/2" and 5" wide x 1 3/4" and 2" thick

Flat Bars, round edge,

3/4" to 3" wide—1/4" to 3/4" thick

Deformed Reinforcing Bars—Round,

1/4", 3/8", 1/2", 3/4", 7/8" and 1"

Deformed Reinforcing Bars—Square,

1/2", 1", 1 1/8" and 1 1/4"

Bands,

3/4" x 1/8" up to 4" x 1/8"

3/4" x 3/16" up to 6" x 3/16"

BOLT, NUT AND RIVET STEEL

TIRE STEEL—Round Edge

THREADING STEEL

SHAPES

Angles—equal legs,

1 1/4" x 1 1/4" to 4" x 4"

Angles—unequal legs,

2" x 1 1/2" to 4" x 3"

Channels,

3" and 4"

PLATE MILL PRODUCTS

PLATES—Universal

12" to 36" wide—3/16" to 1 1/2" thick

36" to 42" wide—by special arrangement

PLATES—Sheared

24" to 72" wide—3/16" to 1 1/2" thick

SHEET MILL PRODUCTS

BLUE ANNEALED SHEETS

7 to 16 Gauge—Widths up to 72"

BLACK SHEETS

10 to 30 Gauge—Widths up to 48"

1, 2 or 3-pass Cold Rolled

Full Cold Rolled

Single or Full Pickled

Full Pickled and Full Cold Rolled

Blued Elbow Stock

Stove Pipe Stock

Deep and Extra Deep Stamping Steel

Patent or Stretcher Leveled Sheets

Resquared

Deoxidized

Ceiling Stock

Locker Stock

Powder Keg Stock

Japanning Stock

Roller Leveled Sheets

Extra Box Annealed Sheets

Welding Stock

Locomotive Jacket Steel

Chute Steel

Range Stock

Billboard Stock

Tin Mill Blued

Windmill Stock

Barrel Stock

GALVANIZED SHEETS

10 to 30 Gauge—Widths up to 54"

Culvert Stock—Flat

Culvert Stock—Tight Coated

Culvert Stock—Extra Tight Coated

Ice Can Stock

Sheets for Special Purposes

CORRUGATED AND OTHER FORMED SHEETS

1 1/4 Inch Corrugated

2 Inch Corrugated

2 1/2 Inch Corrugated

Quality STEEL PRODUCTS

3 Inch Corrugated
2, 3, 4 and 5 V-Crimped Roofing
Ridge Roll, Plain or Corrugated
Other Formed Products

Note: Furnished in Galvanized, Black or Painted

Note: All sheet steel products can be furnished in either GULFSTEEL Regular Open Hearth or Special Copper Bearing Steel, as specified by customer.

WIRE PRODUCTS

BRIGHT WIRE

Bright Hard or Soft	Window Guard
Redrawing	Coat Hanger
Nail	Screen
Stapling	Buckle
Bed Spring	Link
Can Key	Spoke
Bolt, Screw and Rivet	

ANNEALED WIRE

Tying Wire
Binding, Baling and Bundling Wire
Stone Wire (in barrels)
Hoop Wire

GALVANIZED WIRE

Staple	Tobacco
Barbing	Fence
Pipe Winding	Garment Hanger
Coiled Spring Fence	Rope

COPPER-COATED WIRE

LIQUOR FINISHED WIRE

STRAIGHTENED AND CUT WIRE

SPECIAL MANUFACTURING WIRE

BARBED WIRE { Round, Half-Round
and Flat Barbs

2 Point Hog	} Either 80-Rod or Catchweight Spools
2 Point Cattle	
4 Point Hog	
4 Point Cattle	

BALE TIES

Single Loop (Annealed and Galvanized)

FENCE—Woven Wire

Railroad Fence
Factory Fence
Heavy Field Fence

Light Field Fence
Wolf-Proof Fence
Close-Mesh Hog and Cattle Fence
Poultry and Garden Fence
Light Poultry Fence—6" Mesh
Light Poultry Fence—4" Mesh

FENCE POSTS

Line Posts
End or Gate Posts
Corner Posts

FENCE STAPLES

Bright or Galvanized

NAILS

Bright	Blued
Annealed	Cement Coated
Galvanized	

Note: GULFSTEEL manufactures nails for any purpose—from $\frac{3}{4}$ " to 12" lengths

SPIKES

Galvanized and Bright

STAPLES

Fence and Poultry Netting

RODS—Wire

Plain Round Rods
Straightened and Cut

WELDING WIRE AND RODS—Electrodes

Coated and Bare—For Electric Arc Welding

OTHER PRODUCTS

COKE BY-PRODUCTS

Motor Benzol
Industrial Pure Benzol
Industrial 90% Benzol
Dry Cleaners' Benzol
Industrial Pure Toluol
Solvent Naphtha
Naphthalene
Sulphate of Ammonia
Tar

SLAG

Basic Phosphoric Slag

SULPHATE OF IRON—Copperas

Bags, Barrels or Bulk

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**NINETEENTH
ANNUAL REPORT**

OF

**GULF STATES STEEL COMPANY
BIRMINGHAM, ALA.**



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**FOR THE FISCAL YEAR ENDING
DECEMBER 31, 1932**



**NINETEENTH
ANNUAL REPORT
OF
GULF STATES STEEL COMPANY**

EXECUTIVE AND GENERAL OFFICES: BROWN-MARX BUILDING

BIRMINGHAM, ALA.

NEW YORK OFFICE:

120 WALL STREET

NEW YORK CITY

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GULF STATES STEEL COMPANY

DIRECTORS

FRANK ALTSCHUL	NEW YORK, N. Y.
H. WALTER BLUMENTHAL	NEW YORK, N. Y.
ALFRED A. COOK	NEW YORK, N. Y.
WM. H. COVERDALE	NEW YORK, N. Y.
FERDINAND EBERSTADT	NEW YORK, N. Y.
L. E. GEOHEGAN	BIRMINGHAM, ALA.
GEORGE N. LINDSAY	NEW YORK, N. Y.
EDWARD M. MCLIVAIN	NEW YORK, N. Y.
JOHN W. PLATTEN	NEW YORK, N. Y.
ROBERT KELLY PRENTICE	NEW YORK, N. Y.

EXECUTIVE COMMITTEE

JOHN W. PLATTEN

ALFRED A. COOK	FERDINAND EBERSTADT
WM. H. COVERDALE	H. WALTER BLUMENTHAL
FRANK ALTSCHUL	

OFFICERS

JOHN W. PLATTEN	CHAIRMAN OF THE BOARD
WM. H. COVERDALE	PRESIDENT
H. SANBORN SMITH	ASS'T TO THE PRESIDENT
L. E. GEOHEGAN	VICE-PRESIDENT AND GENERAL MANAGER
A. R. FORSYTH	VICE-PRESIDENT AND TREASURER
C. V. ORR	SECRETARY
H. R. CAMPBELL	ASS'T SEC'Y AND ASS'T TREAS.
GEO. P. HANSEN	WORKS MANAGER
F. R. THOMPSON	COMMERCIAL MANAGER
C. C. BROWN	GENERAL SALES MANAGER
H. C. GREEN	PURCHASING AGENT
C. E. BOWRON	CHIEF ENGINEER
H. H. KNIGHT	TRAFFIC MANAGER
W. J. CALIFF	ASS'T TRAFFIC MANAGER

CONSULTING ENGINEER

GEO. W. BURPEE	NEW YORK, N. Y.
----------------	-----------------

COUNSEL

LARKIN, RATHBONE & PERRY	NEW YORK, N. Y.
BENNETT, BURR, MCKAMY & FORMAN	BIRMINGHAM, ALA.
O. R. HOOD	GADSDEN, ALA.

TRANSFER AGENT

CITY BANK FARMERS TRUST COMPANY
22 WILLIAM STREET, NEW YORK

REGISTRAR

THE NATIONAL CITY BANK OF NEW YORK
52 WALL STREET, NEW YORK

GULF STATES STEEL COMPANY

TO THE STOCKHOLDERS:

The Board of Directors herewith submits its Nineteenth Annual Report of operations for the Fiscal year ending December 31, 1932, together with a Financial Statement and General Report on the condition of the property at the close of the year.

INCOME REPORT

The Net Operating Income for the year 1932 amounted to \$461,922.12, an increase of \$388,340.01 compared with the year 1931. After making provision for Depreciation and all anticipated losses, the Loss carried to Surplus amounted to \$637,369.24.

INCOME ACCOUNT

	1932	1931
Gross Income.....	\$ 4,919,354.13	*\$ 7,811,168.62
Cost of Operations.....	<u>4,457,432.01</u>	<u>7,737,586.51</u>
Net earnings from operations, etc.....	\$ 461,922.12	\$ 73,582.11
Deductions:		
Interest Accrued on Debentures.....	\$289,168.58	\$ 296,329.99
Amortization of Debenture		
Discount.....	30,122.78	21,361.87
Depreciation.....	<u>780,000.00</u>	<u>780,000.00</u>
	1,099,291.36	1,097,691.86
Loss.....	\$ 637,369.24	\$ 1,024,109.75
Profit on Debentures retired		
by Sinking Fund.....	<u>119,053.75</u>	<u>47,879.70</u>
	\$ 518,315.49	\$ 976,230.05

*After deducting Profit on Debentures to comply with New York Stock Exchange forms.

G U L F S T A T E S S T E E L C O M P A N Y

STATEMENT OF SURPLUS

For the Year Ending December 31, 1932

EARNED SURPLUS:

Balance December 31, 1931.....	\$ 2,039,151.39
Add—Discount on Debentures Retired Through Sinking Fund.....	<u>119,053.75</u>
	\$ 2,158,205.14
Less—Net Loss Year 1932.....	<u>637,369.24</u>
Balance December 31, 1932.....	\$ 1,520,835.90

CAPITAL SURPLUS..... 1,294,586.93

TOTAL SURPLUS..... \$ 2,815,422.83

G U L F S T A T E S S T E E L C O M P A N Y

BALANCE SHEET

December 31, 1932

ASSETS

FIXED ASSETS:

Works and Properties as at December 31, 1931, at original values at inception of Company, plus NET additions to that date at cost.....

\$29,403,531.70

Additions during year 1932.....

9,694.86

\$29,413,226.56

Less: Reserve for Depreciation and Extinguishment.....

4,592,301.20

\$24,820,925.36

CURRENT ASSETS:

Cash..... \$ 377,275.52

Notes Receivable..... 94,120.28

Accounts Receivable..... 660,619.89

Inventories (At lower of cost or market):

Salable..... \$ 886,838.77

Convertible..... 966,212.65

Consumable..... 636,002.90

2,489,054.32

3,621,070.01

INVESTMENTS:

Gulf States Steel Company—Stock purchased and held for Employees' Subscriptions:

Preferred, 143 Shares..... \$ 3,253.67

Common, 585 Shares..... 4,000.00

Gulf States Steel Sales Company—Capital Stock—

100 Shares of \$100.00 Par Value..... 10,000.00

Tennessee, Alabama & Georgia Railroad Syndicate

Subscription..... 50,000.00

67,253.67

SINKING FUND.....

17,095.51

PREPAID EXPENSES.....

290,869.05

\$28,817,213.60

G U L F S T A T E S S T E E L C O M P A N Y

BALANCE SHEET

December 31, 1932

LIABILITIES

CAPITAL STOCK:

First Preferred—7% Cumulative—Par Value \$100 per share:			
Authorized	30,000 shares	\$ 3,000,000.00	
Less—In Treasury	10,000 shares	1,000,000.00	
Outstanding	20,000 shares	\$ 2,000,000.00	
Common—Without Nominal or Par Value:			
Authorized	—300,000 shares		
Outstanding	—197,500 shares	16,850,000.00	\$18,850,000.00

FUNDED DEBT:

Fifteen-year 5½% Sinking Fund Gold Debentures—			
Due June 1, 1942:			
Originally Authorized and Issued		\$ 6,000,000.00	
Retired by Sinking Fund		812,500.00	
Outstanding			5,187,500.00

CURRENT LIABILITIES:

Accounts Payable	\$ 388,061.12	
Notes Payable	600,000.00	
Accrued Wages, Taxes and Interest	162,875.49	
Additional Federal Taxes Prior years (estimated)	240,000.00	1,390,936.61

RESERVES:

Replacements and Sundries	\$ 436,760.89	
Contingencies	136,593.27	573,354.16

SURPLUS:

Capital Surplus	\$ 1,294,586.93	
Earned Surplus:		
Balance—December 31, 1931	\$2,039,151.39	
Add—Discount on Debentures		
Retired Through Sinking Fund	119,053.75	
	\$2,158,205.14	
Less—Loss for year 1932	637,369.24	
Balance—December 31, 1932	1,520,835.90	2,815,422.83

\$28,817,213.60

NOTE: No Dividends on the First Preferred 7% Cumulative Capital Stock have been paid since April 1, 1931.

G U L F S T A T E S S T E E L C O M P A N Y

TO THE BOARD OF DIRECTORS,
Gulf States Steel Company,
Birmingham, Alabama.

We have examined the books and accounts of Gulf States Steel Company as at December 31, 1932. As a result of such examination and information submitted to us, we are of the opinion that the foregoing Balance Sheet sets forth the financial condition of the Company at December 31, 1932, on the basis indicated therein.

(Signed) BARROW, WADE, GUTHRIE & CO.

Accountants and Auditors.

New York, N. Y., February 7, 1933

G U L F S T A T E S S T E E L C O M P A N Y

INVENTORIES

(Valued at Lower of Cost or Market)

Classification:	1932	1931
Salable	\$ 886,838.77	\$1,021,558.27
Convertible	966,212.65	951,524.18
Consumable	636,002.90	622,902.35
Total	\$2,489,054.32	\$2,595,984.80

AVERAGE NUMBER OF MEN EMPLOYED

	1932	1931
Ore Mines	10	199
Coal Mines and Coke Ovens	346	647
Blast Furnaces	0	42
Steel and Finishing Mills	897	1338
Total	1253	2226

TOTAL EXPENDED FOR LABOR

1932	\$ 1,501,937.35
1931	2,808,929.04

GROSS SALES

1932	\$ 5,082,442.27
1931	7,925,993.49

G U L F S T A T E S S T E E L C O M P A N Y

The Company is engaged in the manufacture of steel products under the trade name of Gulf-steel as shown elsewhere in this report. Operations during the year resulted in an ingot production of 112,355 tons, a reduction of 25,110 tons or 18.3 per cent from the previous year; and total shipments amounted to 98,131 tons, a decrease of 30,365 tons or 23.6 per cent from the previous year.

The net loss for the year after debenture interest, depreciation, depletion, taxes and reserves was \$637,369.24 as compared with a loss of \$1,024,109.75 for the previous year (in both years with profit on debentures purchased credited to surplus instead of gross operating profit), thus showing an improvement of \$386,740.51 over the previous year, notwithstanding reduced rate of production and sales.

The fixed assets on December 31, 1932 amounted to \$29,413,226.56 before reserves for depreciation and depletion; an increase of \$9,694.86 over the previous year.

Net current assets on December 31, 1932 amounted to \$2,230,133.40, a decrease of \$159,364.66, due entirely to transfer from reserves to current liabilities of \$240,000 to cover additional Federal taxes of a prior year, of which amount \$50,000 has been paid since January 1, 1933. Notes payable to Banks and included in current liabilities amounted to \$600,000 as at December 31, 1932, a decrease of \$642,000 for the year, and have since been reduced to \$540,000.

No dividends have been paid during the year, the accumulated preferred dividend on the Company's preferred stock now amounts to \$245,000 or \$12.25 per share.

The decrease in demand for your Company's products during the year resulted in a drop in sales of \$2,891,814.49 from the previous year; notwithstanding which net earnings from operation increased \$388,340.01 due to decreased operating and sales expenses.

Due to decline in sales volume and to the introduction of natural gas as fuel in various departments, the Company's mining operations have been continued on a reduced basis thereby conserving its raw materials. No ore and only 96,153 tons of coal were mined during the year.

Outstanding debentures have been reduced through sinking fund operation by \$187,500 at a profit of \$119,053.75 which has been added direct to surplus account instead of credited to gross operating profit as heretofore.

Capital expenditures for plant improvements amounted to \$9,694.86. The property has been maintained in excellent condition of operation, efficiency and safety; all repairs, maintenance, and depreciation in gross amount of \$780,000, have been charged to operations.

Due to curtailed operations the number of employees declined from 2,226 in 1931 to 1,253 in 1932, a reduction of 973 or 43.7 per cent.

The employes whose services have not been continuously availed of have been furnished with shelter, light, water and medical services, and have remained practically self-sustaining through the production of foodstuffs on Company property, and through exchange arrangements covering clothes, shoes and other necessities.

An independent organization of employes maintained group life insurance in amount of \$1,524,500.

Messrs. Barrow, Wade, Guthrie & Company, accountants and auditors, have audited the books and accounts of the Company and their certificate accompanies the balance sheet.

G U L F S T A T E S S T E E L C O M P A N Y

With profound regret we record here the death of Mr. Casimir I. Stralem which occurred at his home in New York City on July 15, 1932. Mr. Stralem was elected a director of your Company on February 27, 1914, following the reorganization, and for eighteen years he maintained a deep and active interest in its affairs and discharged his duties with conscientious devotion.

Mr. H. Walter Blumenthal was elected a director of your Company on July 21, 1932 to fill the vacancy caused by the death of Mr. Casimir I. Stralem.

Mr. G. Monro Hubbard resigned as a director of your Company on July 21, 1932 and Mr. George N. Lindsay of New York City was elected a director on that date.

Following an amendment of the Company's by-laws increasing the number of directors from nine to ten, Mr. Robert Kelly Prentice of New York City was elected a director of your Company on September 15, 1932.

The cooperative spirit shown by employes under existing conditions is commended; and their loyal and efficient services are gratefully acknowledged.

By order of the Board of Directors.

WM. H. COVERDALE,

President.

A COMPLETE LINE OF

BLAST FURNACE PRODUCTS

PIG IRON

Basic and Foundry

SEMI-FINISHED OPEN HEARTH STEEL

INGOTS—Forging

Various Sizes and Weights

BILLETS—Forging or Rerolling

4" x 4" to 10" x 10"

SLABS—Forging or Rerolling

6" to 40" wide

3" to 10" thick

BLOOMS

BAR MILL PRODUCTS

BAR

Plain Rounds, 3/16" to 4" diameter

Plain Squares, 3/8" to 3 3/4" diameter

Flat Bars, square edge,

3/4" to 6" wide—1/4" to 1 1/2" thick

Heavy Flats, square edge,

4", 4 1/2" and 5" wide x 1 3/4" and 2" thick

Flat Bars, round edge,

3/4" to 3" wide—1/4" to 3/4" thick

Deformed Reinforcing Bars—Round,

1/4", 3/8", 1/2", 3/4", 7/8" and 1"

Deformed Reinforcing Bars—Square,

1/2", 1", 1 1/8" and 1 1/4"

Bands,

3/4" x 1/8" up to 4" x 1/8"

3/4" x 3/16" up to 6" x 3/16"

BOLT, NUT AND RIVET STEEL

TIRE STEEL—Round Edge

THREADING STEEL

SHAPES

Angles—equal legs,

1 1/4" x 1 1/4" to 4" x 4"

Angles—unequal legs,

2" x 1 1/2" to 4" x 3"

Channels,

3" and 4"

PLATE MILL PRODUCTS

PLATES—Universal

12" to 36" wide—3/16" to 1 1/2" thick

36" to 42" wide—by special arrangement

PLATES—Sheared

24" to 72" wide—3/16" to 1 1/2" thick

SHEET MILL PRODUCTS

BLUE ANNEALED SHEETS

7 to 16 Gauge—Widths up to 72"

BLACK SHEETS

10 to 30 Gauge—Widths up to 48"

1, 2 or 3-pass Cold Rolled

Full Cold Rolled

Single or Full Pickled

Full Pickled and Full Cold Rolled

Blued Elbow Stock

Stove Pipe Stock

Deep and Extra Deep Stamping Steel

Patent or Stretcher Leveled Sheets

Resquared

Deoxidized

Ceiling Stock

Locker Stock

Powder Keg Stock

Japanning Stock

Rolled Leveled Sheets

Extra Box Annealed Sheets

Welding Stock

Locomotive Jacket Steel

Chute Steel

Range Stock

Billboard Stock

Tin Mill Blued

Windmill Stock

Barrel Stock

GALVANIZED SHEETS

10 to 30 Gauge—Widths up to 54"

Culvert Stock—Flat

Culvert Stock—Tight Coated

Culvert Stock—Extra Tight Coated

Ice Can Stock

Sheets for Special Purposes

CORRUGATED AND OTHER FORMED SHEETS

1 1/4 Inch Corrugated

2 Inch Corrugated

2 1/2 Inch Corrugated

Gulfsteel PRODUCTS

3 Inch Corrugated
2, 3, 4 and 5 V-Crimped Roofing
Roll Roofing
Ridge Roll, Plain or Corrugated
Other Formed Products

Note: Furnished in Galvanized, Black or Painted

Note: All sheet steel products can be furnished in either GULFSTEEL Regular Open Hearth or Special Copper Bearing Steel, as specified by customer.

WIRE PRODUCTS

BRIGHT WIRE

Bright Hard or Soft	Window Guard
Redrawing	Coat Hanger
Nail	Screen
Stapling	Buckle
Bed Spring	Link
Can Key	Spoke
Bolt, Screw and Rivet	

ANNEALED WIRE

Tying Wire
Binding, Baling and Bundling Wire
Stone Wire (in barrels)
Hoop Wire

GALVANIZED WIRE

Staple	Tobacco
Barbing	Fence
Pipe Winding	Garment Hanger
Coiled Spring Fence	Rope

COPPER-COATED WIRE

LIQUOR FINISHED WIRE

STRAIGHTENED AND CUT WIRE

SPECIAL MANUFACTURING WIRE

BARBED WIRE

Round, Half-Round
and Flat Barbs

2 Point Hog
2 Point Cattle
4 Point Hog
4 Point Cattle

Either 80-Rod or
Catchweight Spools

BALE TIES

Single Loop (Annealed and Galvanized)

FENCE—Woven Wire

Railroad Fence
Factory Fence
Heavy Field Fence

Light Field Fence
Wolf-Proof Fence
Close-Mesh Hog and Cattle Fence
Poultry and Garden Fence
Light Poultry Fence—6" Mesh
Light Poultry Fence—4" Mesh

FENCE POSTS

Line Posts
End or Gate Posts
Corner Posts

FENCE STAPLES

Bright or Galvanized

NAILS

Bright
Annealed
Galvanized
Blued
Cement Coated

Note: GULFSTEEL manufactures nails for any purpose—from 3/4" to 12" lengths

SPIKES

Galvanized and Bright

STAPLES

Fence and Poultry Netting

RODS—Wire

Plain Round Rods
Straightened and Cut

WELDING WIRE AND RODS—Electrodes

Coated and Bare—For Electric Arc Welding

OTHER PRODUCTS

COKE BY-PRODUCTS

Motor Benzol
Industrial Pure Benzol
Industrial 90% Benzol
Dry Cleaners' Benzol
Industrial Pure Toluol
Solvent Naphtha
Naphthalene
Sulphate of Ammonia
Tar

SLAG

Basic Phosphoric Slag

SULPHATE OF IRON—Copperas

Bags, Barrels or Bulk

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**TWENTIETH
ANNUAL REPORT
OF
GULF STATES STEEL COMPANY
BIRMINGHAM, ALA.**

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UNIVERSITY OF ILLINOIS

**FOR THE FISCAL YEAR ENDING
DECEMBER 31, 1933**

**TWENTIETH
ANNUAL REPORT**

OF

GULF STATES STEEL COMPANY

EXECUTIVE AND GENERAL OFFICES: BROWN-MARK BUILDING

BIRMINGHAM, ALA.

NEW YORK OFFICE:

120 WALL STREET

NEW YORK CITY

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GULF STATES STEEL COMPANY

DIRECTORS

FRANK ALTSCHUL	NEW YORK, N. Y.
H. WALTER BLUMENTHAL	NEW YORK, N. Y.
ALFRED A. COOK	NEW YORK, N. Y.
WM. H. COVERDALE	NEW YORK, N. Y.
FERDINAND EBERSTADT	NEW YORK, N. Y.
L. E. GEOHEGAN	BIRMINGHAM, ALA.
GEORGE N. LINDSAY	NEW YORK, N. Y.
EDWARD M. MCILVAIN	NEW YORK, N. Y.
JOHN W. PLATTEN	NEW YORK, N. Y.
ROBERT KELLY PRENTICE	NEW YORK, N. Y.

EXECUTIVE COMMITTEE

ALFRED A. COOK	JOHN W. PLATTEN	FERDINAND EBERSTADT
WM. H. COVERDALE		H. WALTER BLUMENTHAL
	FRANK ALTSCHUL	

OFFICERS

JOHN W. PLATTEN	CHAIRMAN OF THE BOARD
WM. H. COVERDALE	PRESIDENT
H. SANBORN SMITH	ASS'T TO THE PRESIDENT
L. E. GEOHEGAN	VICE-PRESIDENT AND GENERAL MANAGER
A. R. FORSYTH	VICE-PRESIDENT AND TREASURER
C. V. ORR	SECRETARY
H. R. CAMPBELL	ASS'T SEC'Y AND ASS'T TREAS.
GEO. P. HANSEN	WORKS MANAGER
F. R. THOMPSON	COMMERCIAL MANAGER
C. C. BROWN	GENERAL SALES MANAGER
H. C. GREEN	PURCHASING AGENT
C. E. BOWRON	CHIEF ENGINEER
H. H. KNIGHT	TRAFFIC MANAGER
W. J. CALIFF	ASS'T TRAFFIC MANAGER

CONSULTING ENGINEER

GEO. W. BURPEE	NEW YORK, N. Y.
----------------	-----------------

COUNSEL

LARKIN, RATHBONE & PERRY	NEW YORK, N. Y.
BENNETT, BURR, McKAMY & FORMAN	BIRMINGHAM, ALA.
O. R. HOOD	GADSDEN, ALA.

TRANSFER AGENT

CITY BANK FARMERS TRUST COMPANY
22 WILLIAM STREET, NEW YORK

REGISTRAR

THE NATIONAL CITY BANK OF NEW YORK
52 WALL STREET, NEW YORK

GULF STATES STEEL COMPANY

TO THE STOCKHOLDERS:

The Board of Directors herewith submits its Twentieth Annual Report of operations for the Fiscal year ending December 31, 1933, together with a Financial Statement and General Report on the condition of the property at the close of the year.

INCOME REPORT

The Net Operating Income for the year 1933 amounted to \$1,303,615.27, an increase of \$841,693.15 compared with the year 1932. After making provision for Depreciation and all anticipated losses, the Profit carried to Surplus amounted to \$193,040.80.

INCOME ACCOUNT

	1933	1932
Gross Income.....	\$ 7,652,112.46	\$ 4,919,354.13
Cost of Operations.....	<u>6,348,497.19</u>	<u>4,457,432.01</u>
Net earnings from operations, etc.....	\$ 1,303,615.27	\$ 461,922.12
Deductions:		
Interest Accrued on Debentures.....	\$278,746.60	\$ 289,168.58
Amortization of Debenture Discount	28,804.48	30,122.78
Provision for Doubtful Accounts.....	23,023.39	—
Depreciation	<u>780,000.00</u>	<u>780,000.00</u>
	1,110,574.47	1,099,291.36
Profit	\$ 193,040.80	Loss
Profit on Debentures retired by Sinking Fund.....	<u>71,570.47</u>	119,053.75
Profit	\$ 264,611.27	Loss
		\$ 518,315.49

G U L F S T A T E S S T E E L C O M P A N Y

STATEMENT OF SURPLUS

For the Year Ending December 31, 1933

EARNED SURPLUS:

Balance December 31, 1932.....	\$ 1,520,835.90
Add—Discount on Debentures Retired Through Sinking Fund.....	71,570.47
Net Profit Year 1933.....	<u>193,040.80</u>
Balance December 31, 1933.....	\$ 1,785,447.17

CAPITAL SURPLUS.....	<u>1,294,586.93</u>
----------------------	---------------------

TOTAL SURPLUS.....	\$ 3,080,034.10
--------------------	-----------------

G U L F S T A T E S S T E E L C O M P A N Y

BALANCE SHEET

December 31, 1933

ASSETS

FIXED ASSETS:

Works and Properties as at December 31, 1932, at original values at inception of Company, plus net additions to that date at cost

\$29,413,226.56

Net Additions during year 1933 at cost

16,830.01

\$29,430,056.57

Less: Reserve for Depreciation and Extinguishment

5,360,658.28

\$24,069,398.29

CURRENT ASSETS:

Cash

\$ 378,046.48

Notes Receivable

\$ 78,766.54

Accounts Receivable

1,150,181.14

\$ 1,228,947.68

Less: Reserve for Doubtful Accounts

117,514.36

1,111,433.32

Inventories (at lower of cost or market):

Salable

\$ 868,889.91

Convertible

1,076,533.04

Consumable

752,875.79

2,698,298.74

4,187,778.54

INVESTMENTS:

Gulf States Steel Company Stock purchased and held for Employees' Subscriptions—
at book value:

Preferred— 1 share

\$ 47.67

Common—368 shares

9,495.00

9,542.67

Gulf States Steel Sales Company—

Capital Stock:

100 shares of \$100.00 Par Value at cost

10,000.00

Tennessee, Alabama and Georgia Railroad

Syndicate Subscription

50,000.00

69,542.67

SINKING FUND—for redemption of Gold Debentures

20,000.00

DEFERRED CHARGES AND PREPAID EXPENSES

253,869.94

\$28,600,589.44

G U L F S T A T E S S T E E L C O M P A N Y

BALANCE SHEET

December 31, 1933

LIABILITIES

CAPITAL STOCK:

First Preferred—7 % Cumulative—Par Value \$100 per share:		
Authorized	30,000 shares	\$ 3,000,000.00
Less—In Treasury	10,000 shares	1,000,000.00
Outstanding	20,000 shares	\$ 2,000,000.00
Common—Without Nominal or Par Value:		
Authorized	—300,000 shares	
Outstanding	—197,500 shares	16,850,000.00
		\$18,850,000.00

FUNDED DEBT:

Fifteen-year 5½ % Sinking Fund Gold Debentures—		
Due June 1, 1942:		
Originally Authorized and Issued		\$ 6,000,000.00
Retired through Sinking Fund		1,000,000.00
Outstanding		5,000,000.00

CURRENT LIABILITIES:

Accounts Payable	\$ 524,440.43	
Notes Payable	416,836.27	
Accrued Wages, Taxes and Interest	189,218.73	1,130,495.43

RESERVES:

Replacements and Sundries	\$ 419,990.39	
Contingencies	120,069.52	540,059.91

SURPLUS:

Capital Surplus	\$ 1,294,586.93	
Earned Surplus	1,785,447.17	3,080,034.10

CONTINGENT LIABILITY—Foreign Drafts Discounted	\$ 32,275.16	
--	--------------	--

NOTE: No Dividends on the First Preferred 7 % Cumulative Capital Stock have been paid since April 1, 1931.

\$28,600,589.44

NEW YORK, N. Y.
CHICAGO, ILL.
BOSTON, MASS.
PHILADELPHIA, PA.
SAN FRANCISCO, CAL.
LOS ANGELES, CAL.
UTICA, NEW YORK
DALLAS, TEX.
DETROIT, MICH.
CLEVELAND, OHIO
ST. LOUIS, MO.
HOUSTON, TEX.
TULSA, OKLA.
SEATTLE, WASH.
PORTLAND, ORE.
BALTIMORE, MD.

BARROW, WADE, GUTHRIE & CO

ACCOUNTANTS AND AUDITORS
(ESTABLISHED 1883)

EQUITABLE BUILDING

120 BROADWAY

NEW YORK

MONTREAL, CANADA
TORONTO, CANADA
MEXICO CITY, MEXICO
LONDON, ENGLAND
MANCHESTER, ENGLAND
GLASGOW, SCOTLAND
MELBOURNE, AUSTRALIA
SYDNEY, AUSTRALIA
BUENOS AIRES, ARGENTINE
RIO DE JANEIRO, BRAZIL
PARA, BRAZIL
SAO PAULO, BRAZIL
PARIS, FRANCE
BERLIN, GERMANY
HAMBURG, GERMANY
ANTWERP, BELGIUM

REPORT OF AUDITORS

TO THE BOARD OF DIRECTORS,

Gulf States Steel Company,

Birmingham, Alabama.

We have made an examination of the Balance Sheet of

GULF STATES STEEL COMPANY

as at December 31, 1933 and of the Summary of its Income Account and Analysis of Surplus for the year ended December 31, 1933. In connection therewith, we examined or tested accounting records of the Company and other supporting evidence and obtained information and explanations from officers and employees of the Company; we also made a general review of the accounting methods and of the operating and income account for the year, but we did not make a detailed audit of the transactions.

In our opinion, based upon such examination, the accompanying Balance Sheet, together with the footnotes thereon, and related Summary of Income Account and Analysis of Surplus fairly present, in accordance with accepted principles of accounting consistently maintained by the Company during the year under review, its position at December 31, 1933, and the results of its operations for the year, on the bases indicated therein.

Barrow, Wade, Guthrie & Co.

New York, N. Y., February 8, 1934.

G U L F S T A T E S S T E E L C O M P A N Y

The Company is engaged in the manufacture of steel products under the trade name of Gulf-steel. Operations during the year resulted in an ingot production of 180,310 tons, the total shipments amounting to 152,632 tons.

The fixed assets on December 31st, 1933, amounted to \$29,430,056.57, before reserves for depreciation and depletion; an increase of \$16,830.01 over the previous year.

Net current assets on December 31st, 1933, amounted to \$3,057,283.11, an increase of \$827,149.71 over the previous year. Additional Federal Taxes of a prior year, to which reference was made in the Annual Report for 1932, have been paid. Notes payable to banks and included in current liabilities amounted to \$340,000.00 as at December 31st, 1933, a decrease of \$260,000.00 for the year, and have since been reduced to \$120,000.00.

No dividends have been paid during the year and accumulated dividends on the Company's Preferred Stock now amount to \$385,000.00, or \$19.25 per share.

Outstanding debentures have been reduced through Sinking Fund operations by \$187,500.00, at a profit of \$71,570.47, which has been added direct to surplus account.

Capital expenditures for Plant improvements amounted to \$16,830.01, and the property has been maintained in excellent condition of operating efficiency and safety; all repairs and maintenance and depreciation in the amount of \$780,000.00, have been charged to cost of operations.

The Company has operated under the Iron & Steel Industry Code of Fair Competition, of which it has been a member since its adoption. Substantial increases (35%) were made in wages paid during the year and the total number of employees was materially increased.

Your Company during the year continued the policy of spreading the available work among the largest number of employees. The employees whose services could not be continuously availed of were furnished with shelter, light, water and medical services and have remained practically self-sustaining through the production of food stuffs on Company property.

An independent organization of employees maintained group life insurance in the amount of \$1,411,000.00.

The Accident Prevention Campaign was continued at all Plants and further improvement in safety conditions has been shown.

Through the earnest effort of its working organization, the Company has maintained its position in the industry, notwithstanding the limited amount of business offering during the year under review, and the loyal and efficient services of all employees are gratefully acknowledged.

By order of the Board of Directors.

WM. H. COVERDALE,

President.

A COMPLETE LINE OF

BLAST FURNACE PRODUCTS

PIG IRON

Basic and Foundry

SEMI-FINISHED OPEN HEARTH STEEL

INGOTS—Forging

Various Sizes and Weights

BILLETS—Forging or Rerolling

4" x 4" to 10" x 10"

SLABS—Forging or Rerolling

6" to 40" wide

3" to 10" thick

BLOOMS

BAR MILL PRODUCTS

BARS

Plain Rounds, 3/16" to 4" diameter

Plain Squares, 3/8" to 3 3/4" diameter

Flat Bars, square edge,

3/4" to 6" wide—1/4" to 1 1/2" thick

Heavy Flats, square edge,

4", 4 1/2" and 5" wide x 1 3/4" and 2" thick

Flat Bars, round edge,

3/4" to 3" wide—1/4" to 3/4" thick

Deformed Reinforcing Bars—Round,

1/4", 3/8", 1/2", 3/4", 7/8" and 1"

Deformed Reinforcing Bars—Square,

1/2", 1", 1 1/8" and 1 1/4"

Hot Rolled Strip,

3/4" x 1/8" up to 4" x 1/8"

3/4" x 3/16" up to 6" x 3/16"

BOLT, NUT AND RIVET STEEL

TIRE STEEL—Round Edge

THREADING STEEL

SHAPES

Angles—equal legs,

1 1/4" x 1 1/4" to 4" x 4"

Angles—unequal legs,

2" x 1 1/2" to 4" x 3"

Channels,

3" and 4"

PLATE MILL PRODUCTS

PLATES—Universal

Up to 36" wide—3/16" to 1 1/2" thick

36" to 42" wide—by special arrangement

PLATES—Sheared

Up to 72" wide—3/16" to 1 1/2" thick

SHEET MILL PRODUCTS

HOT ROLLED SHEETS

7 to 16 Gauge—Widths up to 72"

HOT ROLLED ANNEALED SHEETS

10 to 30 Gauge—Widths up to 48"

1, 2 or 3-pass Cold Rolled

Full Cold Rolled

Single or Full Pickled

Full Pickled and Full Cold Rolled

Blued Elbow Stock

Stove Pipe Stock

Deep and Extra Deep Stamping Steel

Patent or Stretcher Levelled Sheets

Resquared

Deoxidized

Ceiling Stock

Locker Stock

Powder Keg Stock

Japanning Stock

Roller Levelled Sheets

Extra Box Annealed Sheets

Welding Stock

Locomotive Jacket Steel

Chute Steel

Range Stock

Billboard Stock

Tin Mill Blued

Windmill Stock

Barrel Stock

GALVANIZED SHEETS

10 to 30 Gauge—Widths up to 54"

Culvert Stock—Flat

Culvert Stock—Tight Coated

Culvert Stock—Extra Tight Coated

Ice Can Stock

Sheets for Special Purposes

CORRUGATED AND OTHER FORMED SHEETS

1 1/4 Inch Corrugated

2 Inch Corrugated

2 1/2 Inch Corrugated

Gulfsteel PRODUCTS

3 Inch Corrugated
2, 3, 4, 5 and 6 V-Crimped Roofing
Roll Roofing
Ridge Roll, Plain or Corrugated
Other Formed Products

Note: Furnished in Galvanized, Black or Painted

Note: All sheet steel products can be furnished in either GULFSTEEL Regular Open Hearth or Special Copper Bearing Steel, as specified by customer.

WIRE PRODUCTS

BRIGHT WIRE

Bright Hard or Soft
Redrawing
Nail
Stapling
Bed Spring
Can Key
Bolt, Screw and Rivet

Window Guard
Coat Hanger
Screen
Buckle
Link
Spoke

ANNEALED WIRE

Box Binding Wire
Tying Wire
Baling and Bundling Wire
Stone Wire (in barrels)
Hoop Wire

GALVANIZED WIRE

Staple
Barbing
Pipe Winding
Coiled Spring Fence

Tobacco
Fence
Garment Hanger
Rope

STRAIGHTENED AND CUT WIRE SPECIAL MANUFACTURING WIRE

BARBED WIRE } Round, Half-Round and Flat Barbs

2 Point Hog	} Either 80-Rod or Catchweight Spools
2 Point Cattle	
4 Point Hog	
4 Point Cattle	

BALE TIES

Single Loop (Annealed and Galvanized)

FENCE—Woven Wire

Railroad Fence
Factory Fence
Heavy Field Fence

Light Field Fence
Wolf-Proof Fence
Close-Mesh Hog and Cattle Fence
Poultry and Garden Fence
Light Poultry Fence—6" Mesh
Light Poultry Fence—4" Mesh

FENCE POSTS

Line Posts
End or Gate Posts
Corner Posts

FENCE STAPLES

Bright or Galvanized

NAILS

Bright
Annealed
Galvanized
Blued
Cement Coated

Note: GULFSTEEL manufactures nails for any purpose—from $\frac{3}{4}$ " to 12" lengths

SPIKES

Galvanized and Bright

STAPLES

Fence and Poultry Netting

RODS—Wire

Plain Round Rods
Straightened and Cut

WELDING WIRE AND RODS—

For Electric Arc and Gas Welding

OTHER PRODUCTS

COKE BY-PRODUCTS

Motor Benzol
Industrial Pure Benzol
Industrial 90% Benzol
Dry Cleaners' Benzol
Industrial Pure Toluol
Solvent Naphtha
Naphthalene
Sulphate of Ammonia
Tar

SULPHATE OF IRON—Copperas

Bags, Barrels or Bulk

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**TWENTY-FIRST
ANNUAL REPORT
OF
GULF STATES STEEL COMPANY
BIRMINGHAM, ALA.**

**FOR THE FISCAL YEAR ENDING
DECEMBER 31, 1934**

**TWENTY-FIRST
ANNUAL REPORT**

OF

GULF STATES STEEL COMPANY

EXECUTIVE AND GENERAL OFFICES: BROWN-MARX BUILDING

BIRMINGHAM, ALA.

NEW YORK OFFICE:

120 WALL STREET

NEW YORK CITY

338.1
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1934

GULF STATES STEEL COMPANY

DIRECTORS

FRANK ALTSCHUL	NEW YORK, N. Y.
H. WALTER BLUMENTHAL	NEW YORK, N. Y.
ALFRED A. COOK	NEW YORK, N. Y.
WM. H. COVERDALE	NEW YORK, N. Y.
HARRY W. CROFT	NEW YORK, N. Y.
L. E. GEOHEGAN	BIRMINGHAM, ALA.
HENRY LOCKHART, JR.	NEW YORK, N. Y.
HERBERT A. MAY	PITTSBURGH, PA.
JOHN W. PLATTEN	NEW YORK, N. Y.
ROBERT KELLY PRENTICE	NEW YORK, N. Y.

EXECUTIVE COMMITTEE

ALFRED A. COOK	JOHN W. PLATTEN	HARRY W. CROFT
WM. H. COVERDALE	FRANK ALTSCHUL	H. WALTER BLUMENTHAL

OFFICERS

JOHN W. PLATTEN	CHAIRMAN OF THE BOARD
WM. H. COVERDALE	PRESIDENT
H. SANBORN SMITH	ASS'T TO THE PRESIDENT
L. E. GEOHEGAN	VICE-PRESIDENT AND GENERAL MANAGER
A. R. FORSYTH	VICE-PRESIDENT AND TREASURER
C. V. ORR	SECRETARY
H. R. CAMPBELL	ASS'T SEC'Y AND ASS'T TREAS.
F. R. THOMPSON	COMMERCIAL MANAGER
C. C. BROWN	GENERAL SALES MANAGER
H. C. GREEN	PURCHASING AGENT
C. E. BOWRON	CHIEF ENGINEER
H. H. KNIGHT	TRAFFIC MANAGER
W. J. CALIFF	ASS'T TRAFFIC MANAGER

CONSULTING ENGINEER

GEO. W. BURPEE	NEW YORK, N. Y.
----------------	-----------------

COUNSEL

LARKIN, RATHBONE & PERRY	NEW YORK, N. Y.
BENNETT, BURR, MCKAMY & FORMAN	BIRMINGHAM, ALA.
O. R. HOOD	GADSDEN, ALA.

TRANSFER AGENT

CITY BANK FARMERS TRUST COMPANY
22 WILLIAM STREET, NEW YORK

REGISTRAR

THE NATIONAL CITY BANK OF NEW YORK
52 WALL STREET, NEW YORK

GULF STATES STEEL COMPANY

TO THE STOCKHOLDERS:

The Board of Directors herewith submits its Twenty-first Annual Report of operations for the Fiscal year ending December 31, 1934, together with a Financial Statement and General Report on the condition of the property at the close of the year.

The Company is engaged in the manufacture of steel products under the trade name of Gulf-steel, and during the year its operations resulted in total shipments of 116,466 tons of such products.

The fixed assets on December 31, 1934, amounted to \$29,600,326.00, before reserves for depreciation and depletion; an increase of \$170,269.43 over the previous year.

Net current assets on December 31, 1934, amounted to \$3,433,194.51, an increase of \$375,911.40 over the previous year. Notes payable to banks and included in current liabilities amounting to \$340,000.00 as at December 31, 1933, have since been paid.

No dividends have been paid during the year and accumulated dividends on the Company's Preferred Stock now amount to \$525,000.00, or \$26.25 per share.

Outstanding debentures have been reduced through Sinking Fund operations by \$187,500.00.

The physical property of the Company has been efficiently maintained; capital expenditures for plant improvements have amounted to \$170,269.43, the principal items being—

150-ton crane, six 90-ton ladles and heavy type track scale at Open Hearth;
Galvanizing unit, Resquaring shear and Catcher table in Sheet Mill;
Two fence machines in Wire Mill.

The Company has operated under the Iron & Steel Industry Code of Fair Competition, of which Code the Company has been a member since its adoption. Substantial increases (10%) were made in wages paid during the year.

The Company during the year continued the policy of spreading the available work among the largest number of employees; and employees whose services could not be continuously availed of were furnished with shelter, light, water and medical services, and have remained practically self-sustaining through the production of food stuffs on Company property.

An independent organization of employees has maintained group life insurance in the amount of \$1,349,500.00.

The Accident Prevention Campaign was continued at all plants and further improvement in safety conditions has been shown.

Through the earnest effort of its working organization, the Company has maintained its position in the industry, notwithstanding the limited amount of business offering during the year under review, and the loyal and efficient services of all employees are gratefully acknowledged.

By order of the Board of Directors.

WM. H. COVERDALE,
President.

NEW YORK, N. Y.
CHICAGO, ILL.
BOSTON, MASS.
PHILADELPHIA, PA.
SAN FRANCISCO, CAL.
LOS ANGELES, CAL.
UTICA, NEW YORK
DALLAS, TEX.
DETROIT, MICH.
CLEVELAND, OHIO
ST. LOUIS, MO.
HOUSTON, TEX.
TULSA, OKLA.
SEATTLE, WASH.
PORTLAND, ORE.
BALTIMORE, MD.

BARROW, WADE, GUTHRIE & CO.

ACCOUNTANTS AND AUDITORS
(ESTABLISHED 1883)

EQUITABLE BUILDING
120 BROADWAY
NEW YORK

MONTREAL, CANADA
TORONTO, CANADA
MEXICO CITY, MEXICO
LONDON, ENGLAND
MANCHESTER, ENGLAND
GLASGOW, SCOTLAND
MELBOURNE, AUSTRALIA
SYDNEY, AUSTRALIA
BUENOS AIRES, ARGENTINE
RIO DE JANEIRO, BRAZIL
PARA, BRAZIL
SAO PAULO, BRAZIL
PARIS, FRANCE
BERLIN, GERMANY
HAMBURG, GERMANY
ANTWERP, BELGIUM

REPORT OF AUDITORS

TO THE BOARD OF DIRECTORS,

Gulf States Steel Company,

Birmingham, Alabama.

We have made an examination of the Balance Sheet of

GULF STATES STEEL COMPANY

as at December 31, 1934 and of the related Surplus Account and Profit and Loss Statement for the year ended December 31, 1934. In connection therewith, we examined or tested accounting records of the Company and other supporting evidence and obtained information and explanations from officers and employees of the Company; we also made a general review of the accounting methods and of the operating and income account for the year, but we did not make a detailed audit of the transactions.

In our opinion, based upon such examination, the accompanying Balance Sheet, together with the footnotes thereon, and related Surplus Account and Profit and Loss Statement fairly present, in accordance with accepted principles of accounting consistently maintained by the Company during the year under review, its position at December 31, 1934, and the results of its operations for the year.

Barrow, Wade, Guthrie & Co.

New York, N.Y. February 15, 1935.

ACCOUNTANTS AND AUDITORS.

GULF STATES

BALANCE SHEET AS

ASSETS

CURRENT ASSETS:

Cash		\$	324,876.11
Notes and Accounts Receivable (Trade)	\$	715,850.75	
Less - Reserve for Doubtful Accounts		118,073.57	597,777.18
Inventories (at lower of Cost or Market):			
Raw Materials	\$	1,307,882.25	
Work in Process		547,296.01	
Finished Products		886,142.88	
Supplies		293,898.13	3,035,219.27
Total Current Assets		\$	3,957,872.56

INVESTMENTS:

Gulf States Steel Company Common Stock of No Par Value - 363 shares - at approximate Market	\$	9,691.67	
Tennessee, Alabama and Georgia Railroad Syndicate Subscription - at Cost		50,000.00	59,691.67

<u>PROPERTY, PLANT AND EQUIPMENT</u>	\$29,600,326.00	
Less - Reserves for Depreciation and Extinguishment	6,120,561.56	23,479,764.44

<u>SINKING FUND</u> - for redemption of Gold Debentures		489.61
---	--	--------

DEFERRED CHARGES AND PREPAID EXPENSES:

Unamortized Debenture Discount and Expense	\$	172,247.13	
Prepaid Expenses		44,460.57	216,707.70

\$27,714,525.98
=====

STEEL COMPANY

AT DECEMBER 31, 1934

LIABILITIES, CAPITAL STOCK AND SURPLUS

CURRENT LIABILITIES:

Accounts Payable (Trade)		\$	318,851.72
Accrued Liabilities:			
Accrued Wages	\$	46,152.62	
Accrued Interest on Debentures		22,057.29	
Accrued Taxes		127,616.42	195,826.33
<u>Total Current Liabilities</u>	\$		514,678.05

FUNDED DEBT:

Fifteen-year 5½% Sinking Fund Gold Debentures			
Due June 1, 1942:			
Originally Authorized and Issued	\$	6,000,000.00	
Retired through Sinking Fund		1,187,500.00	
Outstanding			4,812,500.00
(The Indenture provides for the payment to the Sinking Fund Agents during 1935 of a sum sufficient to retire \$187,500.00 par value of Debentures)			

RESERVES:

Reserve for Major Repairs and Replacements	\$	355,647.55	
Reserve for Contingencies		129,224.19	484,871.74

CAPITAL STOCK AND SURPLUS:

Capital Stock:

First Preferred - 7% Cumulative - Par Value \$100.00 per share:

Authorized - 30,000 shares	\$	3,000,000.00	
Less - In Treasury - 10,000 "		1,000,000.00	
Outstanding - 20,000 shares	\$	2,000,000.00	
=====			

Common - Without Nominal or Par Value:

Authorized - 300,000 shares			
Issued - 197,500 shares		16,850,000.00	
=====		\$18,850,000.00	

Surplus:

Capital Surplus	\$1,294,586.93		
Earned Surplus	1,757,889.26	3,052,476.19	21,902,476.19

CONTINGENT LIABILITY - Foreign Drafts Discounted \$ 2,272.31
=====

Note - Preferred Dividends are in arrears for the period from April 1, 1931 to December 31, 1934, and amount to \$525,000.00 - or \$26.25 a share.

\$27,714,525.98
=====

GULF STATES STEEL COMPANY

SURPLUS ACCOUNT

For the year ended December 31, 1934

CAPITAL SURPLUS:

Balance - December 31, 1933 and December 31, 1934 \$1,294,586.93

EARNED SURPLUS:

Balance - December 31, 1933 \$1,785,447.17

Add:

Discount on Debentures retired
through Sinking Fund 30,481.25

\$1,815,928.42

Deduct:

Loss for year ended December 31, 1934 58,039.16

Balance - December 31, 1934 1,757,889.26

TOTAL SURPLUS \$3,052,476.19
=====

GULF STATES STEEL COMPANY

PROFIT AND LOSS STATEMENT

For the years ended December 31, 1934 and December 31, 1933

	<u>1934</u>	<u>*1933</u>	Increase Decrease (D)
<u>GROSS SALES, LESS DISCOUNTS, RETURNS AND ALLOWANCES</u>	\$6,709,037.00	\$7,570,438.12	\$861,401.12 (D)
<u>COST OF SALES:</u>			
Cost, exclusive of Provisions for Major Repairs and Replacements, Depreciation and Extinguishment and Real Estate Taxes	\$4,547,403.73	\$5,106,717.22	\$559,313.49 (D)
Provision for Major Repairs and Replacements	431,509.83	511,900.81	80,390.98 (D)
Provision for Depreciation and Extinguishment	780,625.20	788,540.10	7,914.90 (D)
Provision for Real Estate Taxes	119,064.00	119,064.00	
	<u>\$5,878,602.76</u>	<u>\$6,526,222.13</u>	<u>\$647,619.37 (D)</u>
<u>Gross Profit</u>	\$ 830,434.24	\$1,044,215.99	\$213,781.75 (D)
<u>SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</u> (Including Provision for Doubtful Accounts of \$24,354.91 and \$23,023.39, respectively)	622,391.66	569,862.21	52,529.45
<u>Operating Profit</u>	\$ 208,042.58	\$ 474,353.78	\$266,311.20 (D)
<u>OTHER INCOME</u>	35,933.97	59,774.18	23,840.21 (D)
	<u>\$ 243,976.55</u>	<u>\$ 534,127.96</u>	<u>\$290,151.41 (D)</u>
<u>OTHER EXPENSES:</u>			
Interest on Funded Debt	\$ 268,275.49	\$ 278,746.60	\$ 10,471.11 (D)
Amortization of Debenture Discount and Expense	27,707.96	28,804.48	1,096.52 (D)
Other Interest	6,032.26	33,536.08	27,503.82 (D)
	<u>\$ 302,015.71</u>	<u>\$ 341,087.16</u>	<u>\$ 39,071.45 (D)</u>
<u>Loss for year</u>	\$ 58,039.16	\$**193,040.80	\$251,079.96 (D)

* Due to the form of the Profit and Loss Statement required by the Securities and Exchange Commission, the 1933 figures have been adjusted so that the two years may be shown on a comparable basis.

** Denotes Profit.

A COMPLETE LINE OF

BLAST FURNACE PRODUCTS

PIG IRON

Basic and Foundry

SEMI-FINISHED OPEN HEARTH STEEL

INGOTS—Forging

Various Sizes and Weights

BILLETS—Forging or Rerolling

4" x 4" to 10" x 10"

SLABS—Forging or Rerolling

6" to 40" wide
3" to 10" thick

BLOOMS

BAR MILL PRODUCTS

BAR

Plain Rounds, 3/16" to 4" diameter

Plain Squares, 3/8" to 3 3/4" diameter

Flat Bars, square edge,

3/4" to 6" wide—1/4" to 1 1/2" thick

Heavy Flats, square edge,

4", 4 1/2" and 5" wide x 1 3/4" and 2" thick

Flat Bars, round edge,

3/4" to 3" wide—1/4" to 3/4" thick

Deformed Reinforcing Bars—Round,

1/4", 3/8", 1/2", 3/4", 7/8" and 1"

Deformed Reinforcing Bars—Square,

1/2", 1", 1 1/8" and 1 1/4"

Hot Rolled Strip,

3/4" x 1/8" up to 4" x 1/8"

3/4" x 3/16" up to 6" x 3/16"

BOLT, NUT AND RIVET STEEL

TIRE STEEL—Round Edge

THREADING STEEL

SHAPES

Angles—equal legs,

1 1/4" x 1 1/4" to 4" x 4"

Angles—unequal legs,

2" x 1 1/2" to 4" x 3"

Channels,

3" and 4"

PLATE MILL PRODUCTS

PLATES—Universal

Up to 36" wide—3/16" to 1 1/2" thick

36" to 42" wide—by special arrangement

PLATES—Sheared

Up to 72" wide—3/16" to 1 1/2" thick

SHEET MILL PRODUCTS

HOT ROLLED SHEETS

7 to 16 Gauge—Widths up to 72"

HOT ROLLED ANNEALED SHEETS

10 to 30 Gauge—Widths up to 48"

1, 2 or 3-pass Cold Rolled

Full Cold Rolled

Single or Full Pickled

Full Pickled and Full Cold Rolled

Blued Elbow Stock

Stove Pipe Stock

Deep and Extra Deep Stamping Steel

Patent or Stretcher Leveled Sheets

Resquared

Deoxidized

Ceiling Stock

Locker Stock

Powder Keg Stock

Japanning Stock

Roller Leveled Sheets

Extra Box Annealed Sheets

Welding Stock

Locomotive Jacket Steel

Chute Steel

Range Stock

Billboard Stock

Tin Mill Blued

Windmill Stock

Barrel Stock

GALVANIZED SHEETS

10 to 30 Gauge—Widths up to 54"

Culvert Stock—Flat

Culvert Stock—Tight Coated

Culvert Stock—Extra Tight Coated

Ice Can Stock

Sheets for Special Purposes

CORRUGATED AND OTHER FORMED SHEETS

1 1/4 Inch Corrugated

2 Inch Corrugated

2 1/2 Inch Corrugated

Gulfsteel PRODUCTS

3 Inch Corrugated
2, 3, 4, 5 and 6 V-Crimped Roofing
Roll Roofing
Ridge Roll, Plain or Corrugated
Other Formed Products

Note: Furnished in Galvanized, Black or Painted

Note: All sheet steel products can be furnished in either GULFSTEEL Regular Open Hearth or Special Copper Bearing Steel, as specified by customer.

WIRE PRODUCTS

BRIGHT WIRE

Bright Hard or Soft	Window Guard
Redrawing	Coat Hanger
Nail	Screen
Stapling	Buckle
Bed Spring	Link
Can Key	Spoke
Bolt, Screw and Rivet	

ANNEALED WIRE

Box Binding Wire
Tying Wire
Baling and Bundling Wire
Stone Wire (in barrels)
Hoop Wire

GALVANIZED WIRE

Staple	Tobacco
Barbing	Fence
Pipe Winding	Garment Hanger
Coiled Spring Fence	Rope

STRAIGHTENED AND CUT WIRE SPECIAL MANUFACTURING WIRE

BARBED WIRE

} Round, Half-Round
and Flat Barbs

2 Point Hog	} Either 80-Rod or Catchweight Spools
2 Point Cattle	
4 Point Hog	
4 Point Cattle	

BALE TIES

Single Loop (Annealed and Galvanized)

FENCE—Woven Wire

Railroad Fence
Factory Fence
Heavy Field Fence

Light Field Fence
Wolf-Proof Fence
Close-Mesh Hog and Cattle Fence
Poultry and Garden Fence
Light Poultry Fence—6" Mesh
Light Poultry Fence—4" Mesh

FENCE POSTS

Line Posts
End or Gate Posts
Corner Posts

FENCE STAPLES

Bright or Galvanized

NAILS

Bright
Annealed
Galvanized
Blued
Cement Coated

Note: GULFSTEEL manufactures nails for any purpose—from $\frac{3}{4}$ " to 12" lengths

SPIKES

Galvanized and Bright

STAPLES

Fence and Poultry Netting

RODS—Wire

Plain Round Rods
Straightened and Cut

WELDING WIRE AND RODS—

For Electric Arc and Gas Welding

OTHER PRODUCTS

COKE BY-PRODUCTS

Motor Benzol
Industrial Pure Benzol
Industrial 90% Benzol
Dry Cleaners' Benzol
Industrial Pure Toluol
Solvent Naphtha
Naphthalene
Sulphate of Ammonia
Tar

SULPHATE OF IRON—Copperas

Bags, Barrels or Bulk

95
935

1935

**TWENTY-SECOND
ANNUAL REPORT**

OF

**GULF STATES STEEL COMPANY
BIRMINGHAM, ALA.**

THE LIBRARY OF THE
MAR 18, 1936
UNIVERSITY OF ILLINOIS



**FOR THE FISCAL YEAR ENDING
DECEMBER 31, 1935**

THE LIBRARY OF THE
MAR 18 1936
UNIVERSITY OF ILLINOIS

TWENTY-SECOND
ANNUAL REPORT
OF
GULF STATES STEEL COMPANY

EXECUTIVE AND GENERAL OFFICES: BROWN-MARX BUILDING

BIRMINGHAM, ALA.

NEW YORK OFFICE:

120 WALL STREET

NEW YORK CITY

GULF STATES STEEL COMPANY

DIRECTORS

FRANK ALTSCHUL	NEW YORK, N. Y.
H. WALTER BLUMENTHAL	NEW YORK, N. Y.
ALFRED A. COOK	NEW YORK, N. Y.
WM. H. COVERDALE	NEW YORK, N. Y.
HARRY W. CROFT	NEW YORK, N. Y.
L. E. GEOHEGAN	BIRMINGHAM, ALA.
*HENRY LOCKHART, JR.	NEW YORK, N. Y.
HERBERT A. MAY	PITTSBURGH, PA.
JOHN W. PLATTEN	NEW YORK, N. Y.
ROBERT KELLY PRENTICE	NEW YORK, N. Y.

*Resigned November 1, 1935.

EXECUTIVE COMMITTEE

ALFRED A. COOK	JOHN W. PLATTEN	HARRY W. CROFT
WM. H. COVERDALE	FRANK ALTSCHUL	H. WALTER BLUMENTHAL

OFFICERS

JOHN W. PLATTEN	CHAIRMAN OF THE BOARD
WM. H. COVERDALE	PRESIDENT
H. SANBORN SMITH	ASS'T TO THE PRESIDENT
L. E. GEOHEGAN	VICE-PRESIDENT AND GENERAL MANAGER
A. R. FORSYTH	VICE-PRESIDENT AND TREASURER
C. V. ORR	SECRETARY
H. R. CAMPBELL	ASS'T SEC'Y AND ASS'T TREAS.
F. R. THOMPSON	COMMERCIAL MANAGER
C. C. BROWN	GENERAL SALES MANAGER
R. W. FRAWLEY	MANAGER OF SALES PROMOTION DEPT.
H. C. GREEN	PURCHASING AGENT
C. E. BOWRON	CHIEF ENGINEER
H. H. KNIGHT	TRAFFIC MANAGER
W. J. CALIFF	ASS'T TRAFFIC MANAGER

CONSULTING ENGINEER

GEO. W. BURPEE	NEW YORK, N. Y.
----------------	-----------------

COUNSEL

LARKIN, RATHBONE & PERRY	NEW YORK, N. Y.
BENNETT, BURR, MCKAMY & FORMAN	BIRMINGHAM, ALA.
O. R. HOOD	GADSDEN, ALA.

TRANSFER AGENT

CITY BANK FARMERS TRUST COMPANY
22 WILLIAM STREET, NEW YORK

REGISTRAR

THE NATIONAL CITY BANK OF NEW YORK
52 WALL STREET, NEW YORK

GULF STATES STEEL COMPANY

TO THE STOCKHOLDERS:

The Board of Directors herewith submits its Twenty-Second Annual Report of operations for the Fiscal year ending December 31, 1935, together with a Financial Statement and General Report on the condition of the property at the close of the year.

Your Company is engaged in the manufacture of steel products under the trade name of Gulf-steel, and during the year its operations resulted in total shipments of 159,159 tons of such products as compared with shipments of 116,466 tons for the year 1934.

The fixed assets on December 31, 1935, amounted to \$29,717,628.70, before reserves for depreciation and depletion, an increase of \$117,302.70 over the previous year.

Net current assets on December 31, 1935, amounted to \$3,882,296.88, an increase of \$439,-102.37 over the previous year.

The operating results for the year ending December 31, 1935, show a net profit of \$141,268.95 as compared with a net loss of \$58,039.16 for the previous year.

Charges for repairs and maintenance during 1935 were \$555,315.22 as compared with \$431,-509.83 for the previous year.

Charges for depreciation during 1935 were \$780,490.10 as compared with \$780,625.20 for the previous year.

The accumulated dividends on the First Preferred Stock of the Company amounted to 33¼ per cent on December 31, 1935. A dividend of \$3.50 per share on such stock was declared payable on January 15, 1936; such dividend appearing as an accrued current liability on the balance sheet of December 31, 1935.

Outstanding debentures have been reduced through Sinking Fund operations by \$187,500 to an outstanding balance of \$4,625,000.

The physical property of the Company has been efficiently maintained; capital expenditures for plant improvements have amounted to \$117,302.70, the principal items being:—

- Construction of Screening Station at Coke Plant
- Ladles at Open Hearth
- Automatic Tables and Fabricating Equipment at Sheet Mill
- Annealing Box Furnaces
- Testing Equipment for Laboratory

The average number of employes of the Company during December 1935 was 2,147, as compared with December 1934 of 1,623. Total yearly pay-roll was \$2,491,767.11 for 1935, and \$2,085,-755.94 for 1934. The average labor rate paid for tonnage and hourly men was \$0.41 per hour for 1935 and 1934.

Accident prevention, safety of employes, welfare work, industrial and public relations are receiving every attention. The Employes Representation Plan has demonstrated its effectiveness on all questions of mutual interest.

It is gratifying to report that with a normal expenditure, the expansion of manufacturing facilities covering a wider range of grades and sizes of steel products, enabled your Company to furnish several new forms of rolled steel products consumed in its territory.

The improved demand for steel products during the last quarter of 1935 is encouraging, and such improvement has continued to date.

Throughout the year, friendly relations between the Company and its employes have continued, and the loyal and efficient services of all employes are gratefully acknowledged.

By order of the Board of Directors.

WM. H. COVERDALE,
President.

NEW YORK N.Y.
CHICAGO ILL.
BOSTON MASS.
PHILADELPHIA PA.
SAN FRANCISCO CAL.
LOS ANGELES CAL.
UTICA NEW YORK
DALLAS TEX.
DETROIT MICH.
CLEVELAND OHIO
ST. LOUIS MO.
HOUSTON TEX.
TULSA OKLA.
SEATTLE WASH.
PORTLAND ORE.
BALTIMORE MD.

BARROW, WADE, GUTHRIE & CO.

ACCOUNTANTS AND AUDITORS
(ESTABLISHED 1883)
EQUITABLE BUILDING
120 BROADWAY
NEW YORK

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RIO DE JANEIRO, BRAZIL
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PARIS, FRANCE
BERLIN, GERMANY
HAMBURG, GERMANY
ANTWERP, BELGIUM

REPORT OF AUDITORS

TO THE BOARD OF DIRECTORS,

Gulf States Steel Company,
Birmingham, Alabama.

We have made an examination of the Balance Sheet of

GULF STATES STEEL COMPANY

as at December 31, 1935 and of the related Surplus Account and Profit and Loss Statement for the year ended December 31, 1935. In connection therewith, we examined or tested accounting records of the Company and other supporting evidence and obtained information and explanations from officers and employees of the Company; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

In our opinion, based upon such examination, the accompanying Balance Sheet, together with the footnote thereon, and related Surplus Account and Profit and Loss Statement fairly present, in accordance with accepted principles of accounting consistently maintained by the Company during the year under review, its position at December 31, 1935, and the results of its operations for the year.

Barrow, Wade, Guthrie & Co.

New York, N.Y., February 6, 1936.

ACCOUNTANTS AND AUDITORS.

G U L F S T A T E SBALANCE SHEET ASA S S E T SCURRENT ASSETS:

Demand Deposits and Cash on Hand	\$	664,625.88
Notes and Accounts Receivable (Trade)	\$	1,066,635.75
Less - Reserve for Doubtful Accounts		50,041.79
Inventories (at lower of Cost or Market):		
Raw Materials	\$	1,337,677.85
Work in Process		369,201.79
Finished Products		914,563.96
Supplies		307,289.46
		<u>2,928,733.06</u>
<u>Total Current Assets</u>	\$	<u>4,609,952.90</u>

INVESTMENTS:

Gulf States Steel Company Common Stock of		
No Par Value - 363 shares - at approximate		
Market	\$	9,691.67
Tennessee, Alabama and Georgia Railroad		
Syndicate Subscription - at Cost		50,000.00
		<u>59,691.67</u>

<u>PROPERTY, PLANT AND EQUIPMENT</u>	\$29,717,628.70	
Less - Reserves for Depreciation and		
Extinguishment	<u>6,895,388.66</u>	<u>22,822,240.04</u>

<u>SINKING FUND</u> - for redemption of Gold Debentures		<u>86,072.74</u>
---	--	------------------

DEFERRED CHARGES AND PREPAID EXPENSES:

Unamortized Debenture Discount and Expense	\$	145,621.36
Prepaid Expenses		<u>17,947.86</u>
		<u>163,569.22</u>

\$27,741,526.57
=====

STEEL COMPANY

AT DECEMBER 31, 1935

LIABILITIES, CAPITAL STOCK AND SURPLUS

CURRENT LIABILITIES:

Accounts Payable (Trade)		\$	376,053.14
Accrued Liabilities:			
Accrued Wages	\$	66,441.12	
Accrued Interest on Debentures		21,197.92	
Accrued Taxes		170,540.54	258,179.58
Dividend Payable - First Preferred Stock			70,000.00
Reserve for Federal Income Tax			23,423.30
			<u> </u>
<u>Total Current Liabilities</u>		\$	727,656.02

FUNDED DEBT:

Fifteen-year 5½% Sinking Fund Gold Debentures due June 1, 1942:			
Originally Authorized and Issued	\$	6,000,000.00	
Retired through Sinking Fund		1,375,000.00	
Outstanding			4,625,000.00
(The Indenture provides for the payment to the Sinking Fund Agents during 1936 of a sum sufficient to retire \$187,500. par value of Debentures)			

RESERVES:

Reserve for Major Repairs and Replacements	\$	260,461.76	
Reserve for Contingencies		149,004.57	409,466.33

CAPITAL STOCK AND SURPLUS:

Capital Stock:

First Preferred - 7% Cumulative - Par Value \$100.00 per share:

Authorized - 30,000 shares	\$	3,000,000.00	
Less - In Treasury - 10,000 "		1,000,000.00	
Outstanding - 20,000 shares	\$	2,000,000.00	
		<u> </u>	

Common - No Par Value:

Authorized - 300,000 shares			
Issued - 197,500 shares		16,850,000.00	
		<u> </u>	
		\$18,850,000.00	

Surplus:

Capital Surplus	\$1,294,586.93		
Earned Surplus	1,834,817.29	3,129,404.22	21,979,404.22

Note - Preferred Dividends are in arrears for
the period from October 1, 1931 to December 31,
1935 and amount to \$595,000.00 equivalent to
\$29.75 a share.

\$27,741,526.57
=====

GULF STATES STEEL COMPANY

SURPLUS ACCOUNT

For the year ended December 31, 1935

CAPITAL SURPLUS:

Balance - December 31, 1934 and December 31, 1935 \$1,294,586.93

EARNED SURPLUS:

Balance - December 31, 1934 \$1,757,889.26

Add:

Net Income for the year ended December 31, 1935 141,268.95

Discount on Debentures retired through Sinking Fund

(less Provision for Federal Income Tax thereon

amounting to \$902.17) 5,659.08

\$1,904,817.29

Deduct:

Dividend Declared - First Preferred Stock

(\$3.50 per share payable January 15, 1936) 70,000.00

Balance - December 31, 1935 1,834,817.29

TOTAL SURPLUS \$3,129,404.22

=====

GULF STATES STEEL COMPANY

PROFIT AND LOSS STATEMENT

For the years ended December 31, 1935 and December 31, 1934

	<u>1935</u>	<u>1934</u>	<u>Increase Decrease (D)</u>
<u>GROSS SALES, LESS DISCOUNTS, RETURNS AND</u>			
<u>ALLOWANCES</u>	\$8,801,795.31	\$6,709,037.00	\$2,092,758.31
<u>COST OF SALES:</u>			
Cost, exclusive of Provisions for Major			
Repairs and Replacements, Depreciation			
and Extinguishment and Real Estate Taxes	\$6,235,058.41	\$4,547,403.73	\$1,687,654.68
Provision for Major Repairs and Replacements	555,315.22	431,509.83	123,805.39
Provision for Depreciation and			
Extinguishment	780,490.10	780,625.20	135.10 (D)
Provision for Real Estate Taxes	119,064.00	119,064.00	-
	<u>\$7,689,927.73</u>	<u>\$5,878,602.76</u>	<u>\$1,811,324.97</u>
<u>Gross Profit</u>	\$1,111,867.58	\$ 830,434.24	\$ 281,433.34
<u>SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</u>			
(Including Provision for Doubtful Accounts			
of \$32,325.30 and \$24,354.91,			
respectively)	701,860.45	622,391.66	79,468.79
<u>Operating Profit</u>	\$ 410,007.13	\$ 208,042.58	\$ 201,964.55
<u>OTHER INCOME</u>	39,610.60	35,933.97	3,676.63
	<u>\$ 449,617.73</u>	<u>\$ 243,976.55</u>	<u>\$ 205,641.18</u>
<u>OTHER EXPENSES:</u>			
Interest on Funded Debt	\$ 259,201.88	\$ 268,275.49	\$ 9,073.61 (D)
Amortization of Debenture Discount and			
Expense	26,625.77	27,707.96	1,082.19 (D)
Other Interest	-	6,032.26	6,032.26 (D)
	<u>\$ 285,827.65</u>	<u>\$ 302,015.71</u>	<u>\$ 16,188.06 (D)</u>
<u>Net Income before Provision for</u>			
<u>Federal Income Tax</u>	\$ 163,790.08	\$ * 58,039.16	\$ 221,829.24
<u>PROVISION FOR FEDERAL INCOME TAX</u>	22,521.13	-	22,521.13
<u>Net Income</u>	\$ 141,268.95	\$ * 58,039.16	\$ 199,308.11
	=====	=====	=====

* Denotes Loss.

A COMPLETE LINE OF

BLAST FURNACE PRODUCTS

PIG IRON

Basic and Foundry

SEMI-FINISHED OPEN HEARTH STEEL

INGOTS—Forging

Various Sizes and Weights

BILLETS—Forging or Rerolling

4" x 4" to 10" x 10"

SLABS—Forging or Rerolling

6" to 40" wide

3" to 10" thick

BLOOMS

BAR MILL PRODUCTS

BARs

Plain Rounds, 3/16" to 4" diameter

Plain Squares, 3/8" to 3 3/4" diameter

Flat Bars, square edge,

3/4" to 6" wide—1/4" to 1 1/2" thick

Heavy Flats, square edge,

4", 4 1/2" and 5" wide x 1 3/4" and 2" thick

Flat Bars, round edge,

3/4" to 3" wide—1/4" to 3/4" thick

Deformed Reinforcing Bars—Round,

1/4", 3/8", 1/2", 3/4", 7/8" and 1"

Deformed Reinforcing Bars—Square,

1/2", 1", 1 1/8" and 1 1/4"

Hot Rolled Strip,

3/4" x 1/8" up to 4" x 1/8"

3/4" x 3/16" up to 6" x 3/16"

BOLT, NUT AND RIVET STEEL

TIRE STEEL—Round Edge

THREADING STEEL

AGRICULTURAL SECTIONS

SHAPES

Angles—equal legs,

1 1/4" x 1 1/4" to 4" x 4"

Angles—unequal legs,

2" x 1 1/2" to 4" x 3"

Channels,

3" and 4"

PLATE MILL PRODUCTS

PLATES—Universal

Up to 36" wide—3/16" to 1 1/2" thick

36" to 42" wide—by special arrangement

PLATES—Sheared

Up to 72" wide—3/16" to 1 1/4" thick

SHEET MILL PRODUCTS

HOT ROLLED SHEETS

7 to 16 Gauge—Widths up to 72"

HOT ROLLED ANNEALED SHEETS

10 to 30 Gauge—Widths up to 48"

1, 2 or 3-pass Cold Rolled

Full Cold Rolled

Single or Full Pickled

Full Pickled and Full Cold Rolled

Blued Elbow Stock

Stove Pipe Stock

Deep and Extra Deep Stamping Steel

Patent or Stretcher Leveled Sheets

Resquared

Deoxidized

Ceiling Stock

Locker Stock

Powder Keg Stock

Japanning Stock

Roller Leveled Sheets

Extra Box Annealed Sheets

Welding Stock

Locomotive Jacket Steel

Chute Steel

Range Stock

Billboard Stock

Tin Mill Blued

Windmill Stock

Barrel Stock

GALVANIZED SHEETS

10 to 30 Gauge—Widths up to 54"

Culvert Stock—Flat

Culvert Stock—Tight Coated

Culvert Stock—Extra Tight Coated

Ice Can Stock

Sheets for Special Purposes

CORRUGATED AND OTHER FORMED SHEETS

1 1/4 Inch Corrugated

2 Inch Corrugated

2 1/2 Inch Corrugated

Gulfsteel PRODUCTS

3 Inch Corrugated
2, 3, 4, 5 and 6 V-Crimped Roofing
Roll Roofing
Ridge Roll, Plain or Corrugated
Other Formed Products

Note: Furnished in Galvanized, Black or Painted

Note: All sheet steel products can be furnished in either GULFSTEEL Regular Open Hearth or Special Copper Bearing Steel, as specified by customer.

WIRE PRODUCTS

BRIGHT WIRE

Bright Hard or Soft	Window Guard
Redrawing	Coat Hanger
Nail	Screen
Stapling	Buckle
Bed Spring	Link
Can Key	Spoke
Bolt, Screw and Rivet	

ANNEALED WIRE

Box Binding Wire
Tying Wire
Baling and Bundling Wire
Stone Wire (in barrels)
Hoop Wire

GALVANIZED WIRE

Staple	Tobacco
Barbing	Fence
Pipe Winding	Garment Hanger
Coiled Spring Fence	Rope

STRAIGHTENED AND CUT WIRE SPECIAL MANUFACTURING WIRE

BARBED WIRE } Round, Half-Round and Flat Barbs

2 Point Hog	} Either 80-Rod or Catchweight Spools
2 Point Cattle	
4 Point Hog	
4 Point Cattle	

BALE TIES

Single Loop (Annealed and Galvanized)

FENCE—Woven Wire

Railroad Fence
Factory Fence
Heavy Field Fence

Light Field Fence
Wolf-Proof Fence
Close-Mesh Hog and Cattle Fence
Poultry and Garden Fence
Light Poultry Fence—6" Mesh
Light Poultry Fence—4" Mesh

FENCE POSTS

Line Posts
End or Gate Posts
Corner Posts

FENCE STAPLES

Bright or Galvanized

NAILS

Bright
Annealed
Galvanized
Blued
Cement Coated

Note: GULFSTEEL manufactures nails for any purpose—from 3/4" to 12" lengths

SPIKES

Galvanized and Bright

STAPLES

Fence and Poultry Netting

RODS—Wire

Plain Round Rods
Straightened and Cut

WELDING WIRE AND RODS—

For Electric Arc and Gas Welding

OTHER PRODUCTS

COKE BY-PRODUCTS

Motor Benzol
Industrial Pure Benzol
Industrial 90% Benzol
Dry Cleaners' Benzol
Industrial Pure Toluol
Solvent Naphtha
Naphthalene
Sulphate of Ammonia
Tar

SULPHATE OF IRON—Copperas

Bags, Barrels or Bulk

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**TWENTY-THIRD
ANNUAL REPORT
OF
GULF STATES STEEL COMPANY
BIRMINGHAM, ALA.**

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**FOR THE FISCAL YEAR ENDING
DECEMBER 31, 1936**

TWENTY-THIRD
ANNUAL REPORT
THE LIBRARY OF THE
OF MAR 15 1937
UNIVERSITY OF ILLINOIS
GULF STATES STEEL COMPANY

EXECUTIVE AND GENERAL OFFICES: BROWN-MARX BUILDING

BIRMINGHAM, ALA.

NEW YORK OFFICE:

120 WALL STREET

NEW YORK CITY

GULF STATES STEEL COMPANY

DIRECTORS

FRANK ALTSCHUL	NEW YORK, N. Y.
H. WALTER BLUMENTHAL	NEW YORK, N. Y.
ALFRED A. COOK	NEW YORK, N. Y.
WM. H. COVERDALE	NEW YORK, N. Y.
HARRY W. CROFT	NEW YORK, N. Y.
L. E. GEOHEGAN	BIRMINGHAM, ALA.
HERBERT A. MAY	PITTSBURG, PA.
JOHN W. PLATTEN	NEW YORK, N. Y.
ROBERT KELLY PRENTICE	NEW YORK, N. Y.
FORSYTH WICKES	NEW YORK, N. Y.

EXECUTIVE COMMITTEE

ALFRED A. COOK	JOHN W. PLATTEN	HARRY W. CROFT
WM H. COVERDALE	H. WALTER BLUMENTHAL	
	FRANK ALTSCHUL	

OFFICERS

JOHN W. PLATTEN	CHAIRMAN OF THE BOARD
WM. H. COVERDALE	PRESIDENT
L. E. GEOHEGAN	VICE-PRESIDENT AND GENERAL MANAGER
A. R. FORSYTH	VICE-PRESIDENT AND TREASURER
C. V. ORR	SECRETARY
H. R. CAMPBELL	ASS'T SEC'Y AND ASS'T TREAS.
F. R. THOMPSON	COMMERCIAL MANAGER
C. C. BROWN	GENERAL SALES MANAGER
R. W. FRAWLEY	MANAGER OF SALES PROMOTION DEPT.
H. C. GREEN	PURCHASING AGENT
C. E. BOWRON	CHIEF ENGINEER
H. H. KNIGHT	TRAFFIC MANAGER
W. J. CALIFF	ASS'T TRAFFIC MANAGER

CONSULTING ENGINEER

GEO. W. BURPEE	NEW YORK, N. Y.
----------------	-----------------

COUNSEL

LARKIN, RATHBONE & PERRY	NEW YORK, N. Y.
BENNETT, BURR, MCKAMY & FORMAN	BIRMINGHAM, ALA.
O. R. HOOD	GADSDEN, ALA.

TRANSFER AGENT

MANUFACTURERS TRUST COMPANY
55 BROAD STREET, NEW YORK

REGISTRAR

THE NATIONAL CITY BANK OF NEW YORK
52 WALL STREET, NEW YORK

GULF STATES STEEL COMPANY

TO THE STOCKHOLDERS:

The Board of Directors herewith submits its Twenty-Third Annual Report of operations for the fiscal year ending December 31, 1936, together with the financial statement and general report on the condition of the property at the close of the year.

Your Company is engaged in the manufacture of steel products under the trade name of Gulfsteel, and during the year its operations resulted in total shipments of 260,785 tons of such products as compared with shipments of 159,159 tons for the year 1935; 39,811 tons of coke were also shipped during the year.

As reflected in the attached financial statements:

The fixed assets on December 31, 1936 amounted to \$29,967,277.77 before reserves for depreciation and depletion, an increase of \$249,649.07 over the previous year;

Net current assets on December 31, 1936 amounted to \$5,421,076.74, an increase of \$1,538,779.86 over the previous year;

The operating results for the year ending December 31, 1936 show a net profit of \$660,112.30, an increase of \$518,843.35 over the previous year;

Charges for repairs and maintenance during 1936 were \$865,349.31 as compared with \$555,315.22 for the previous year;

Charges for depreciation during 1936 were \$780,429.15 as compared with \$780,490.10 for the previous year.

First (Closed) Mortgage Sinking Fund 4½% Bonds of your Company due October 15, 1961 were authorized and issued as of October 15, 1936 in total amount of \$7,000,000, from the proceeds of which the amount of \$1,500,000 cash remains in the hands of the Mortgage Trustee and is available for capital expenditures.

Common capital stock of the Company was offered to holders of its common stock of record at the close of business on November 2, 1936 in the ratio of one share for each two shares held of record on said record date at a price of \$30.00 per share, and pursuant to such offering and the underwriting thereof, 98,569 shares were issued.

Outstanding debentures in the hands of the public in amount of \$4,512,500 were retired on December 1, 1936 at the retirement price of 102½ per cent of their par value and accrued interest.

Accumulated and current dividends on the First Preferred Stock of the Company at the rate of \$36.77 a share were paid in the aggregate amount of \$735,363.23, of which amount \$385,380.73 was paid on January 2, 1937.

The entire issue of First Preferred Stock in amount of \$2,000,000 was retired at the redemption price of 110 per cent of its par value on January 2, 1937.

The physical property of the Company has been efficiently maintained; capital expenditures for plant improvements in net amount of \$249,649.07 have been made during the year, the principal items being:

Open hearth furnace improvements

Wire drawing machines, blocks, motors, etc., at Wire Mill

Installation of fireprotection, sprinkler system, Wire Mill

One annealing box cover, Sheet Mill

The average number of employees of the Company during 1936 was 2,339. Total yearly payroll was \$3,250,902.19 as compared with \$2,491,767.11 for 1935. The average labor rate paid for tonnage and hourly men was \$0.42 per hour for 1936 as against \$0.41 per hour for 1935.

Accident prevention, safety of employees, welfare work, industrial and public relations have received careful attention throughout the year.

A constantly improving demand for steel products occurred throughout the year 1936 with the result that shipments of the Company's products exceeded those of any previous year.

Throughout the year, friendly relations between the Company and its employees have continued and the loyal and efficient services of all employees are gratefully acknowledged.

By order of the Board of Directors.

WM. H. COVERDALE,

President.

YORK, N.Y.
CHICAGO, ILL.
BOSTON, MASS.
PHILADELPHIA, PA.
SAN FRANCISCO, CAL.
LOS ANGELES, CAL.
NEW YORK
LAS VEGAS, TEX.
DETROIT, MICH.
CLEVELAND, OHIO
ST. LOUIS, MO.
HOUSTON, TEX.
OKLAHOMA
WASHINGTON
PORTLAND, ORE.
BALTIMORE, MD.

BARROW, WADE, GUTHRIE & CO.

ACCOUNTANTS AND AUDITORS
(ESTABLISHED 1883)

EQUITABLE BUILDING

120 BROADWAY

NEW YORK

MONTREAL, CANADA
TORONTO, CANADA
MEXICO CITY, MEXICO
LONDON, ENGLAND
MANCHESTER, ENGLAND
GLASGOW, SCOTLAND
MELBOURNE, AUSTRALIA
SYDNEY, AUSTRALIA
BUENOS AIRES, ARGENTINE
RIO DE JANEIRO, BRAZIL
PARAIBA, BRAZIL
SAO PAULO, BRAZIL
PARIS, FRANCE
BERLIN, GERMANY
HAMBURG, GERMANY
ANTWERP, BELGIUM

REPORT OF AUDITORS

TO THE BOARD OF DIRECTORS,

Gulf States Steel Company,

Birmingham, Alabama.

We have made an examination of the Balance Sheet of

GULF STATES STEEL COMPANY

as at December 31, 1936 and of the related Surplus Account and Profit and Loss Statement for the year ended December 31, 1936. In connection therewith, we examined or tested accounting records of the Company and other supporting evidence and obtained information and explanations from officers and employees of the Company; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

In our opinion, based upon such examination, the accompanying Balance Sheet, together with the footnotes thereon, and related Surplus Account and Profit and Loss Statement fairly present, in accordance with accepted principles of accounting consistently maintained by the Company during the year under review, its position at December 31, 1936, and the results of its operations for the year.

Barrow, Wade, Guthrie & Co.

New York, N. Y.,
January 27, 1937.

ACCOUNTANTS AND AUDITORS.

ASSETSCURRENT ASSETS:

Demand Deposits and Cash on Hand		\$ 1,353,556
Notes and Accounts Receivable (Trade)	\$ 1,836,681.50	
Less - Reserve for Doubtful Accounts	85,109.96	1,751,571.
Inventories (at lower of Cost or Market):		
Raw Materials	\$ 1,571,355.08	
Work in Process	636,774.05	
Finished Products	743,037.60	
Supplies	325,285.21	3,276,451.
Deposits with Mutual Insurance Companies		50,075.
Total Current Assets		\$ 6,431,655.

INVESTMENTS:

Gulf States Steel Company Common Stock of No Par		
Value - 363 shares - at Book Value (Market		
Value \$21,417.00)	\$ 9,691.67	
Tennessee, Alabama and Georgia Railway Syndicate		
Subscription - at Cost	50,000.00	59,691.

PROPERTY, PLANT AND EQUIPMENT	\$29,967,277.77	
Less - Reserves for Depreciation and		
Extinguishment	7,675,817.81	22,291,459.

CASH DEPOSITED WITH CITY BANK FARMERS TRUST COMPANY,		
AS TRUSTEE (Note "A")		1,500,000.

SINKING FUND - FOR RETIREMENT OF FIRST (CLOSED) MORTGAGE		
SINKING FUND 4 $\frac{1}{2}$ % BONDS (Note "B")		73,218.

CASH DEPOSITED WITH CITY BANK FARMERS TRUST COMPANY,		
AS TRUSTEE, FOR REDEMPTION OF FIRST PREFERRED STOCK		
ON JANUARY 2, 1937 AT 110% OF THE PAR VALUE THEREOF		
AND UNPAID AND ACCRUED DIVIDENDS THEREON (per Contra)		2,585,380.

DEFERRED CHARGES AND PREPAID EXPENSES:

Unamortized Bond Discount and Expense	\$ 370,875.74	
Prepaid Expenses	15,031.88	385,907.

\$33,327,313.
=====

Note "A" - The Indenture of Mortgage covering the issue of First (Closed) Mortgage Sinking Fund 4 $\frac{1}{2}$ % Bonds due October 15, 1961 provides that a sum of \$1,500,000.00 in cash be deposited with the City Bank Farmers Trust Company, as Trustee. The Deposited Cash shall be held by the Trustee as part of the mortgaged property and shall be paid over from time to time to the Company in an amount equal to the cost to the Company or fair value, whichever is less, of any "Fixed Additions" at the plant of the Company at Gadsden, Alabama constructed or acquired by the Company since November 1, 1936. No application for the withdrawal of Deposited Cash shall be made after November 1, 1939 and any Deposited Cash then held by the Trustee shall be applied to the redemption of Bonds.

TEEL COMPANY

DECEMBER 31, 1936

LIABILITIES, CAPITAL STOCK AND SURPLUS

CURRENT LIABILITIES:

Accounts Payable (Trade)		\$	617,776.75
Accrued Liabilities:			
Accrued Wages	\$	86,117.20	
Accrued Bond Interest		65,625.00	
Accrued Taxes		89,368.04	241,110.24
Reserve for Federal and State Income Taxes			151,691.50
Total Current Liabilities	\$		1,010,578.49

UNDEBTED DEBT (Note "B"):

First (Closed) Mortgage Sinking Fund 4 $\frac{1}{2}$ % Bonds due October 15, 1961:			
Authorized and Issued			7,000,000.00

RESERVES:

Reserve for Major Repairs, Replacements, etc.	\$	198,195.23	
Reserve for Contingencies		190,477.98	388,673.21

FIRST PREFERRED STOCK TO BE REDEEMED JANUARY 2, 1937

AT 110% OF THE PAR VALUE THEREOF TOGETHER WITH

UNPAID AND ACCRUED DIVIDENDS THEREON (per Contra):

First Preferred Stock - 7% Cumulative - Par Value			
\$100.00 per share:			
Authorized	-	30,000 shares	\$ 3,000,000.00
Less - In Treasury	-	10,000 "	1,000,000.00
Outstanding	-	20,000 shares	\$ 2,000,000.00
=====			
Premium Payable		200,000.00	
Accrued Dividends		385,380.73	2,585,380.73

COMMON CAPITAL STOCK AND SURPLUS:

Common - No Par Value:

Authorized	-	300,000 shares	
Issued	-	296,069 shares	\$19,807,070.00
=====			

Surplus:

Capital Surplus	\$1,294,586.93		
Earned Surplus	1,241,024.35	2,535,611.28	22,342,681.28

\$33,327,313.71

=====

Note "B" - The Indenture of Mortgage provides that the Company will pay to the Trustee on April 15, 1937 and October 15, 1937, and semi-annually thereafter until 1961, as a Sinking Fund for the retirement of the Bonds, a sum in cash equal to 1 $\frac{1}{2}$ % of the greatest principal amount of Bonds which, at any time prior to the date when such payment is due, shall have been authenticated and delivered by the Trustee; provided, however, that the Company may surrender to the Trustee Bonds reacquired by the Company and thereby be deemed to have paid an amount of cash, not exceeding the then effective Sinking Fund Redemption Price of the Bonds so surrendered, equal to the aggregate cost of the Bonds to the Company. In accordance with the above provisions the Company acquired \$73,000.00 par value of First (Closed) Mortgage Bonds prior to December 31, 1936 at a cost of \$72,616.25 (exclusive of accrued interest of \$602.25) and is obligated to make additional cash expenditures of \$102,383.75 during 1937 or a total of \$175,000.00.

GULF STATES STEEL COMPANY

SURPLUS ACCOUNT

For the year ended December 31, 1936

CAPITAL SURPLUS:

Balance - December 31, 1936 and December 31, 1935 \$1,294,586.93

EARNED SURPLUS:

Balance - December 31, 1935 \$1,834,817.29

Add:

Net Income for the year ended December 31, 1936 660,112.30

Dividends returned to Treasury on fractional
shares of stock 173.25

\$2,495,102.84

Deduct:

Dividends declared on First Preferred
Stock at the rate of \$36.77 a share
(includes \$29.75 a share in arrears
at December 31, 1935) \$735,363.23

Premium on retirement of First Preferred
Stock (payable January 2, 1937) 200,000.00

Fifteen-year 5½% Sinking Fund Gold
Debentures (Redeemed December 1, 1936):
Premium on retirement of

Debentures \$112,812.50

Unamortized Debenture

Discount and Expense -
balance written off
applicable to periods
subsequent to issuance
of new First (Closed)

Mortgage Bonds 126,456.10

Loss on purchase of

Debentures for retirement
through Sinking Fund 2,990.63 242,259.23

Mortgage tax paid and documentary
revenue stamps purchased in connection
with First (Closed) Mortgage Sinking
Fund 4½% Bonds 17,500.00

Expenses of additional Common Stock

Issue (including underwriting
commission, legal fees, etc.) 58,956.03 1,254,078.49

Balance - December 31, 1936 1,241,024.35

TOTAL SURPLUS \$2,535,611.28

GULF STATES STEEL COMPANY

PROFIT AND LOSS STATEMENT

For the years ended December 31, 1936 and December 31, 1935

	1936	1935	Increase Decrease (D)
GROSS SALES - LESS DISCOUNTS, RETURNS AND ALLOWANCES	\$12,778,373.35	\$8,801,795.31	\$3,976,578.04
COST OF SALES:			
Cost, exclusive of Provisions for Major Repairs, Replacements, etc., Depreciation and Extinguishment and Real Estate Taxes	\$ 9,171,304.48	\$6,235,058.41	\$2,936,246.07
Provision for Major Repairs, Replacements, etc.	865,349.31	555,315.22	310,034.09
Provision for Depreciation and Extinguishment	780,429.15	780,490.10	60.95 (D)
Provision for Real Estate Taxes	120,000.00	119,064.00	936.00
	<u>\$10,937,082.94</u>	<u>\$7,689,927.73</u>	<u>\$3,247,155.21</u>
Gross Profit	\$ 1,841,290.41	\$1,111,867.58	\$ 729,422.83
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Including Provisions for Doubtful Accounts of \$47,326.60 and \$32,325.30, respectively)	809,364.51	701,860.45	107,504.06
Operating Profit	\$ 1,031,925.90	\$ 410,007.13	\$ 621,918.77
OTHER INCOME	65,082.56	39,610.60	25,471.96
	<u>\$ 1,097,008.46</u>	<u>\$ 449,617.73</u>	<u>\$ 647,390.73</u>
OTHER EXPENSES:			
Interest on Funded Debt:			
On Gold Debentures (redeemed Dec.1,1936) .	\$ 228,155.73	\$ 259,201.88	\$ 31,046.15 (D)
On First (Closed) Mortgage Bonds	54,250.00	-	54,250.00
Other Interest	1,120.31	-	1,120.31
Amortization of Debt Discount and Expense:			
On Gold Debentures (redeemed Dec.1,1936) .	19,165.26	26,625.77	7,460.51 (D)
On First (Closed) Mortgage Bonds	5,936.66	-	5,936.66
	<u>\$ 308,627.96</u>	<u>\$ 285,827.65</u>	<u>\$ 22,800.31</u>
Net Income before Provision for Federal and State Income Taxes ...	\$ 788,380.50	\$ 163,790.08	\$ 624,590.42
PROVISION FOR FEDERAL AND STATE INCOME TAXES .	* 128,268.20	22,521.13	105,747.07
Net Income	\$ 660,112.30	\$ 141,268.95	\$ 518,843.35
	=====	=====	=====

*The Provision for Federal and State Income Taxes does not include any provision for surtax on undistributed profits, inasmuch as the dividends paid during 1936 exceed the Company's adjusted taxable net income.

A COMPLETE LINE OF

BLAST FURNACE PRODUCTS

PIG IRON

Basic and Foundry

SEMI-FINISHED OPEN HEARTH STEEL

INGOTS—Forging

Various Sizes and Weights

BILLETS—Forging or Rerolling

4" x 4" to 10" x 10"

SLABS—Forging or Rerolling

6" to 40" wide
3" to 10" wide

BLOOMS

BAR MILL PRODUCTS

BAR

Plain Rounds, 3/16" to 4" diameter

Plain Squares, 3/8" to 3 3/4" diameter

Flat Bars, square edge,

3/4" to 8" wide 1/4" to 1 1/2" thick

Heavy Flats, square edge,

4", 4 1/2" and 5" wide x 1 5/8" and 2" thick

Flat Bars, round edge,

3/4" to 3" wide—1/4" to 7/8" thick

Deformed Reinforcing Bars—Round,

1/4", 3/8", 1/2", 3/4", 7/8" and 1"

Deformed Reinforcing Bars—Square,

1/2", 1", 1 1/8" and 1 1/4"

Hot Rolled Strip,

3/4" x 1/8" up to 4" x 1/8"

3/4" x 3/16" up to 6" x 3/16"

BOLT, NUT AND RIVET STEEL

TIRE STEEL—Round Edge

THREADING STEEL

AGRICULTURAL SECTIONS

SHAPES

Angles—equal legs,

1 1/4" x 1 1/4" to 4" x 4"

Angles—unequal legs,

2" x 1 1/2" to 4" x 3"

Channels,

3" and 4"

PLATE MILL PRODUCTS

PLATES—Universal

Up to 46" wide—3/16" to 3 1/2" thick

PLATES—Sheared

Up to 76" wide—3/16" to 3 1/2" thick

76" to 84" wide—3/16" to 1" thick

SHEET MILL PRODUCTS

HOT ROLLED SHEETS

7 to 16 Gauge—Widths to 72"

HOT ROLLED ANNEALED SHEETS

10 to 30 Gauge—Widths up to 48"

1, 2 or 3-pass Cold Rolled

Full Cold Rolled

Single or Full Pickled

Full Pickled and Full Cold Rolled

Blued Elbow Stock

Stove Pipe Stock

Deep and Extra Deep Stamping Steel

Patent or Stretcher Leveled Sheets

Resquared

Deoxidized

Ceiling Stock

Locker Stock

Powder Keg Stock

Japanning Stock

Roller Leveled Sheets

Extra Box Annealed Sheets

Welding Stock

Locomotive Jacket Steel

Chute Steel

Range Stock

Billboard Stock

Tin Mill Blued

Windmill Stock

Barrel Stock

GALVANIZED SHEETS

10 to 30 Gauge—Widths up to 54"

Culvert Stock—Flat

Culvert Stock—Tight Coated

Culvert Stock—Extra Tight Coated

Ice Can Stock

Sheets for Special Purposes

CORRUGATED AND OTHER FORMED SHEETS

1 1/4 Inch Corrugated

2 Inch Corrugated

2 1/2 Inch Corrugated

STEEL PRODUCTS

3 Inch Corrugated
2, 3, 4, 5 and 6 V-Crimp Roofing
Roll Roofing
Ridge Roll, Plain or Corrugated
Other Formed Products

Note: Furnished in Galvanized, Black or Painted

Note: All sheet steel products can be furnished in either GULFSTEEL Regular Open Hearth or Special Copper Bearing Steel, as specified by customer.

HINGLES

WIRE PRODUCTS

RIGHT WIRE

Bright Hard or Soft
Redrawing
Nail
Stapling
Bed Spring
Can Key
Bolt, Screw and Rivet

Window Guard
Coat Hanger
Screen
Buckle
Link
Spoke

ANNEALED WIRE

Box Binding Wire
Tying Wire
Baling and Bundling Wire
Stone Wire (in barrels)
Hoop Wire

GALVANIZED WIRE

Staple
Barbing
Pipe Winding
Coiled Spring Fence

Tobacco
Fence
Garment Hanger
Rope

STRAIGHTENED AND CUT WIRE SPECIAL MANUFACTURING WIRE

BARBED WIRE { Round, Half-Round and Flat Barbs

2 Point Hog
2 Point Cattle
4 Point Hog
4 Point Cattle

} Either 80-Rod or
Catchweight Spools

SALE TIES

Single Loop (Annealed and Galvanized)

FENCE—Woven Wire

Railroad Fence
Factory Fence

Heavy Field Fence
Light Field Fence
Wolf-Proof Fence
Close-Mesh Hog and Cattle Fence
Poultry and Garden Fence
Light Poultry Fence—6" Mesh
Light Poultry Fence—4" Mesh

FENCE POSTS

Line Posts
End or Gate Posts
Corner Posts

FENCE STAPLES

Bright or Galvanized

NAILS

Bright
Annealed
Galvanized
Blued
Cement Coated

Note: GULFSTEEL manufactures nails for any purpose—from $\frac{3}{4}$ " to 12" lengths

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SPIKES

Galvanized and Bright

STAPLES

Fence and Poultry Netting

RODS—Wire

Plain Round Rods
Straightened and Cut

OTHER PRODUCTS

COKE BY-PRODUCTS

Motor Benzol
Industrial Pure Benzol
Industrial 90% Benzol
Dry Cleaners' Benzol
Industrial Pure Toluol
Solvent Naphtha
Naphthalene
Sulphate of Ammonia
Tar

SULPHATE OF IRON—Copperas

Bags, Barrels or Bulk

STEEL PRODUCTS

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